



福耀玻璃工業集團股份有限公司
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

2015 Annual Report

Important Notice

- I. The Board of Directors, the Board of Supervisors and the directors, supervisors and senior management of the Company warrant that the content of this annual 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 attended the meeting of the Board of Directors held on March 19, 2016.
- III. PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) has issued the audit report with unqualified opinions to the Company.
- IV. Cho Tak Wong, the person-in-charge of the Company, Chen Xiangming, the person-in-charge of accounting and Lin Xuejuan, the head of the accounting department (person-in-charge of accounting), warrant the truthfulness, accuracy and completeness of the financial report in this annual report.
- V. Profit distribution plan or plan to convert surplus reserves into share capital approved by the Board during the Reporting Period

As audited by PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership), the net profit attributable to the shareholders of ordinary shares of the parent company for the year of 2015 recorded in the consolidated financial statement, which was prepared in accordance with the China Accounting Standards for Business Enterprises, amounted to RMB2,605,379,627. As audited by PricewaterhouseCoopers, the net profit attributable to the shareholders of ordinary shares of the parent company for the year of 2015 recorded in the consolidated financial statement, which was prepared in accordance with the International Financial Reporting Standards, amounted to RMB2,604,697,115.

As audited by PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership), the net profit recorded in the statement of the parent company for the year of 2015, which was prepared in accordance with the China Accounting Standards for Business Enterprises, amounted to RMB2,409,409,809; adding the undistributed profits of RMB2,009,489,651 at the beginning of the year of 2015, deducting the distributed profits of RMB1,502,239,749 for the year of 2014, and after allocating 10% of the profit to the statutory surplus reserve of RMB240,940,981 on the basis of the net profit recorded by the parent company for the year of 2015, the profits distributable to shareholders as of December 31, 2015 amounted to RMB2,675,718,730.

The profit distribution plan for the year of 2015 proposed by the Company is as follows: cash dividends of RMB7.5 per 10 shares (tax inclusive) are distributed based on total share capital of 2,508,617,532 shares of the Company as of December 31, 2015 for holders of A shares and holders of H shares whose names appear on the register of members on the record date of the declaration of cash dividend for the year of 2015 and dividend of RMB1,881,463,149 in total is distributed. The undistributed profit balance of the Company will be settled and carried forward to the following year. The Company will not carry out bonus sharing and conversion of capital reserve into share capital for the year of 2015. The cash dividend distributed by the Company is denominated and declared in RMB and payable in RMB to holders of A shares, and in HKD to holders of H shares.

- VI. Risks disclaimer of the forward-looking statements
The forward-looking statements in this annual report such as future plans and development strategies do not constitute an actual commitment of the Company to investors. Investors should be aware of the investment risks.
- VII. Any appropriation of fund by the controlling shareholder and its related parties for non-operating purpose
No
- VIII. Any provision of external guarantee in violation of the stipulated decision making procedure
No
- IX. Material risk alert
Nil
- X. Others
Nil





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Section I Chairman's Statement

Dear shareholders,

I am very grateful for your long-term care and support to Fuyao Glass. I, on behalf of the Board of Directors, hereby present the 2015 annual report to each and every one of you.

In light of the constant downturn of the global economy in 2015, the economic growth of each major economy has been decreasing in an on-going fashion. In spite of the transformation and upgrade of international and domestic economy and the slowdown in the growth of domestic macro-economy, Fuyao has systematically built up sustainable competitive advantages and profitability for "Fuyao" through its determination on its technical and innovative culture and talents, bringing about a growth in the Company's results amidst the adverse environment. During the Reporting Period, the Company recorded a revenue of RMB13,573,495,000, representing an increase of 4.99% as compared with the same period last year, a profit before income tax of RMB3,042,042,000, representing an increase of 15.30% as compared with the same period last year and the profit for the year attributable to the equity holders of the Company of RMB2,604,697,000, representing an increase of 17.37% as compared with the same period last year. The growth in profit for the year is higher than that in revenue. During the Reporting Period, the Company successfully completed the global offering of H shares, realizing the "A+H" capital market layout. The Company also actively promoted the construction of the production and sales base for the 3-million sets of automotive glass and raw materials for the auxiliary float glass in US, and achieved a substantial progress in globalization through its transition to bulk production. Further, the Company ensured the realisation of "industry 4.0" in Fuyao to further enhance the global competitiveness of the Company.

In 2016, the domestic and overseas economic environment will become more complex and volatile. As such, the Company will actively adapt to the new normality, seek opportunities amidst crises, achieve greater progress in internationalization, remain determined to be oriented towards the demand of internal and external customers, accelerate the research, development and application of new functional products, constantly increase its market share, standardize management, reinforce its foundations, be well-equipped and well-prepared for its upcoming journey, and enable the operations and management of the full value chain based on its scientific decision-making and transparency brought by big data management as its efforts to reward its shareholders for their support with even more impressive results. For the year ahead, the Company will lay great emphasis on the following tasks:

1. Complete the US Phase II construction, accelerate the progress of internationalization, and add new motivation for continuous development.
2. Complete the reform of the sales system, directly respond to the demand of the main factory through the product center and reinforce training and incentives for the sales service team.
3. Improve the mentality and capabilities of service and enhance the quality of whole-process design and management capabilities; optimize the operating mechanism of subsidiaries and management team building, comprehensively enhance the operation capacity and quality control standards.
4. Continue to promote the establishment of informatization and big data platform of the Company, step up the automated manufacturing levels of the Company and facilitate the advanced integration of informatization and industrialization.
5. Continue to promote the full participation by all staff of the Company in respect of proposing rational proposals and continuous improvement, on which to establish a mechanism comprising guidance, motivation and honor, leading the core values of Fuyao to be fully incorporated into the daily behaviors of all staff.
6. Explore the mechanism and direction of technology integration enhancement and fully implement knowledge productivity.
7. Deepen the reform of procurement of the entire Group and establish a modern supply chain value system that caters for the needs of the customers.
8. Continue to foster the innovation in human resources management and complete the first phase establishment of the online learning platform of Fuyao (which is also the online platform of the knowledge management of the Group).

There is still a long way for the Company to go before it achieves success and an even longer one before it achieves greatness. As long as we are pragmatic and zealous in our development, Fuyao will become a globally-recognised mighty company.

Chairman: **Cho Tak Wong**

Section II 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
HKSFCC	Securities and Futures Commission of Hong Kong
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Company, Listed Company, Fuyao Glass, Fuyao	Fuyao Glass Industry Group Co., Ltd.
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, RMB10,000 and RMB100 million	Renminbi 1 Yuan, Renminbi 10,000 Yuan, Renminbi 100 million Yuan, the lawful currency in circulation in the PRC
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 float glass sticking with a layer or various layers of PVB
tempered glass	automotive safety glass made by heating automotive grade float glass to certain temperature, then promptly cooling it down evenly after being shaped
float glass	the glass produced by applying float technology
Reporting Period	for the twelve months ended December 31, 2015
Latest Practicable Date	March 19, 2016, being the latest practicable date for including certain information in this report prior to the publication of this report

Section III 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	福耀玻璃
Name of the Company in English	FUYAO GLASS INDUSTRY GROUP CO.,LTD.
English abbreviation	FYG, FUYAO GLASS
Legal representative of the Company	Cho Tak Wong

II. CONTACT PERSON AND CONTACT METHODS

Secretary to the Board of Directors

Name	Li Xiaoxi
Contact Address	District II of Fuyao Industrial Zone, Fuqing City, Fujian Province
Telephone	0591-85383777
Fax	0591-85363983
E-mail	600660@fuyaogroup.com

III. BASIC INFORMATION

Registered address of the Company	Fuyao Industrial Zone, Rongqiao Economic & Technological Development Zone, Fuqing City, Fujian Province
Postal code of the registered address of the Company	350301
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
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	Level 3, China Insurance Building, 166 East Lujiazui 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 III Corporate Profile and Principal Financial Indicators

IV. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Media selected by the Company for information disclosure	Shanghai Securities News, China Securities Journal and Security Times
Website designated by CSRC for publishing the annual report of the Company	www.sse.com.cn
Website designated by Hong Kong Stock Exchange for publishing the annual report of the Company	www.hkexnews.hk
Place of inspection of the annual report of the Company	Secretarial Office of the Board of Directors of the Company, District II of Fuyao Industrial Zone, Fuqing City

V. INFORMATION ON THE COMPANY'S SHARES

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. OTHER RELEVANT INFORMATION

Auditors engaged by the Company (domestic)	Name	PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership)
	Office address	11th Floor, PricewaterhouseCoopers Center, 202 Hu Bin Road, Shanghai, the PRC
Auditors engaged by Company (overseas)	Name of signing accountants	Wang Xiao, Yang Xudong
	Name	PricewaterhouseCoopers
Compliance adviser performing the duty of continuous supervision during the Reporting Period	Office address	24th Floor, Prince's Building, Central, Hong Kong
	Name	Shenwan Hongyuan Capital (H.K.) Limited – a compliance adviser engaged in accordance with the requirements of the Hong Kong Listing Rules
	Office address	Level 19, 28 Hennessy Road, Hong Kong
	Name of signing executive of the compliance adviser	Ting Kay Loong, Willis
	Term of continuous supervision	From March 31, 2015 to the distribution date of 2016 Annual Report

Section III Corporate Profile and Principal Financial Indicators

VII. PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE LAST THREE YEARS

(I) Principal accounting data

Unit: '000 Currency: RMB

Principal accounting data	2015	2014	Increase/ decrease of Reporting Period as compared with the corresponding period last year (%)	2013
Revenue	13,573,495	12,928,182	4.99	11,501,210
Profit for the year attributable to equity holders of the Company	2,604,697	2,219,245	17.37	1,917,099
Profit for the year attributable to equity holders of the Company, net of non-recurring profit or loss	2,610,572	2,175,130	20.02	1,828,765
Net cash flows generated from operating activities	3,000,346	3,130,576	-4.16	2,817,021
	At the end of 2015	At the end of 2014	Increase/ decrease at the end of the Reporting Period as compared with the end of the corresponding period last year (%)	At the end of 2013
Equity attributable to equity holders of the Company	16,423,288	8,813,646	86.34	7,858,482
Total assets	24,841,632	16,890,937	47.07	14,683,141
Total share capital as at the end of the period	2,508,618	2,002,986	25.24	2,002,986

Note: In particular, "Profit for the year attributable to equity holders of the Company net of non-recurring profit or loss" is prepared in accordance with the China Accounting Standards.



Section III Corporate Profile and Principal Financial Indicators

(II) Principal financial indicators

Principal financial indicators	2015	2014	Increase/ decrease of the Reporting Period as compared with the corresponding period last year (%)	
			2013	
Basic earnings per share (RMB/share)	1.10	1.11	-0.90	0.96
Diluted earnings per share (RMB/share)	1.10	1.11	-0.90	0.96
Return on equity (%)	15.86	25.18	-9.32	24.40

For details of principal accounting data and financial indicators for the five years prior to end of the Reporting Period of the Company, please refer to "Section XII Business Performance Highlights for the Previous Five Years".

VIII. DISCREPANCIES IN FINANCIAL DATA BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

(I) Discrepancies between net profit and net assets attributable to shareholders of the Listed Company in the financial report disclosed under the International Financial Reporting Standards and under the China Accounting Standards for Business Enterprises

Unit: '000 Currency: RMB

	Net profit		Equity attributable to the shareholders of the Company	
	Amount for the Reporting Period	Amount for the corresponding period of previous year	Amount at the end of the Reporting Period	Amount at the beginning of the Reporting Period
Prepared in accordance with the China Accounting Standards	2,605,380	2,219,749	16,408,627	8,798,303
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	-683	-504	14,661	15,343
Prepared in accordance with the International Financial Reporting Standards	2,604,697	2,219,245	16,423,288	8,813,646

Section III Corporate Profile and Principal Financial Indicators

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

The Company is an H-share company listed on the main board of the Hong Kong Stock Exchange. The financial statements were prepared by the Group in accordance with the International Financial Reporting Standards, and audited by PricewaterhouseCoopers LLP. There are discrepancies between the financial statements and those prepared by the Group in accordance with the China Accounting Standards for Business Enterprises in certain aspects: Yung Tak Investment Limited, a subsidiary of the Group, made provision for impairment in accordance with the discrepancies between recoverable amounts and carrying amounts of buildings and land use rights in the previous year. The provision for long-term asset impairment was subject to "Accounting Standards for Business Enterprises No. 8 – Assets Impairment" issued by the Ministry of Finance on February 15, 2006. Upon confirmation of the loss on asset impairment, it shall not be reversed during the following accounting period. Under the International Financial Reporting Standards, various estimations for the confirmation of recoverable amount of assets applied by the Group have varied since the latest confirmation of loss on impairment, and the loss on asset impairment, excluding goodwill, confirmed in the previous period should be reversed. Such discrepancies will have an impact on the provision for (and loss on) asset impairment of the Group, operating results (depreciation/amortization) of buildings and land use rights within useful lives, thus resulting in the adjustment matters above.

IX. PRINCIPAL FINANCIAL DATA FOR THE YEAR OF 2015 BY QUARTER

Unit: '000 Currency: RMB

	The first quarter (From January to March)	The second quarter (From April to June)	The third quarter (From July to September)	The fourth quarter (From October to December)
Revenue	3,223,768	3,367,558	3,103,963	3,878,206
Profit for the year attributable to the equity holders of the Company	579,233	636,027	633,020	756,417
Profit for the year attributable to the equity holders of the Company, net of non-recurring profit or loss	592,085	629,181	627,915	761,391
Net cash generated from operating activities	263,276	1,037,573	937,814	761,683

Note: In particular, "Profit for the year attributable to the equity holders of the Company, net of non-recurring profit or loss" was prepared in accordance with the China Accounting Standards.



Section III Corporate Profile and Principal Financial Indicators

X. 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 for the year of 2015	<i>Note (if applicable)</i>	Amount for the year of 2014	Amount for the year of 2013
Profit or loss from disposal of non-current assets	-65,685,144		-10,426,630	65,952,333
Government subsidies recorded under current profit and loss, other than those closely related to the normal business operation of the Company and subject to a fixed amount or quantity under certain standard required by national policies	97,835,999		46,017,082	54,296,882
Profit or loss on changes in fair value of held-for-trading financial assets and trading financial liabilities, and investment gains from disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets, other than effective hedging activities related to normal business operations of the Company	25,762,177		8,562,412	-6,775,740
Reversal of provision for impairment of receivables subject to individual impairment test	199,506		324,128	1,885,650
Other non-recurring income and expenses other than the above items	-40,666,067		11,657,141	718,860
Impact on non-controlling interests	2,478			-245
Effects of income tax	-22,641,098		-11,514,989	-27,294,262
Total	-5,192,149		44,619,144	88,783,478

XI. ITEMS MEASURED AT FAIR VALUE

Unit: Yuan Currency: RMB

Name of items	Opening balance	Closing balance	Changes in the Reporting Period	Impacted amounts on current profits
Forward foreign exchange contracts	1,983,436	-825,435	-2,808,871	-2,808,871
Short call on foreign exchange	-	-100,000	-100,000	-
Total	1,983,436	-925,435	-2,908,871	-2,808,871

Note: The positive balance represents that the net balance of the related items at the date of the balance sheet is assets, while negative as liabilities.

Section IV Summary of the Business of the Company

I. DETAILS OF THE COMPANY'S PRINCIPAL BUSINESS, BUSINESS MODEL AND INDUSTRY SITUATION DURING THE REPORTING PERIOD

(I) Principal business and business model

The principal business of the Company is design, manufacture, sales and service for automotive grade float glass and automotive glass. The business model of the Company is globalized research and development, design, manufacture, distribution and after-sales service. The Company adheres to leading technological development strategies in order to get closer to customers. Through the construction of base for production and sales and the concentration on improving industrial ecological chain and reacting to market changes systematically, professionally and rapidly, the Company provides Total Solution of automotive glass for customers.

The following table sets forth details of revenue by products for the specified period:

Unit: '000 Currency: RMB

Business	2015		2014		2013	
	Revenue	Percentage (%)	Revenue	Percentage (%)	Revenue	Percentage (%)
Automotive glass	13,137,757	96.79	12,439,377	96.22	10,912,030	94.88
Float glass	2,485,240	18.31	2,129,748	16.47	2,238,927	19.47
Others	461,607	3.40	486,969	3.77	429,446	3.73
Less: Intragroup elimination	-2,511,109	-18.50	-2,127,912	-16.46	-2,079,193	-18.08
Total	13,573,495	100.00	12,928,182	100.00	11,501,210	100.00

(II) Industry Overview

The global automobile production volume increased from 77,583,500 units in 2010 to 89,734,200 units in 2014, with a compound annual growth rate of 3.7%. The automobile production volume in China increased from 18,264,700 units in 2010 to 24,503,300 units in 2015, with a compound annual growth rate of 6.1%. Chinese automobile industry entered into a stage of quality development from that of speed development.

The global automobile ownership has remained an annual growth rate of over 3.5% since 2010 and reached 1.18 billion units in 2013. Asia, North America and Europe accounted for 90% of the total ownership. Economic sentiments, climate changes and road conditions are the major factors affecting the total amount of aftermarket automotive glass. The stable growth in ownership and frequent extreme weathers brought a rapid growth in the demand of aftermarket automotive glass.

In the medium and long term, due to the low popularity of automobiles, along with the development of Chinese economy, the implementation of the policies for expanding domestic demand, the growth in residents' income, increase in consumption ability and the maturity and application of new energy technology, there is still plenty of room for development in PRC automobile industry and the industry of provision of accessories for automobiles. According to the public forecast conducted by HIS, a market research institution, the sales volume of automobiles in China in 2020, excluding public vehicles and trucks, will reach 30.68 million units, being almost a double of the forecast of that in America of 16.76 million units in 2020.

In view of the average growth speed of automobiles globally for these years, the average growth speed is at approximately 3.5% to 4.5%, which is relatively stable. However, the growth speed of automobile industry in developing countries is higher than that in developed countries and its proportion in the global automobile industry is constantly increasing with an expanding impact.

Section IV Summary of the Business of the Company

Along with the development of technical application, the automotive glass has developed towards environmental protection, energy conservation, intelligence and collectivity with constantly increasing additional value. Meanwhile, environmental concerns and intelligentization of vehicles have brought a rapid growth in the demand of high value-added automotive glass and further expansion of the market scale. The leading position of Fuyao in this industry in terms of technology has brought structural opportunities to the automotive glass of the Company in aftersales market.

Therefore, in the medium and long run, as a supporting industry of the automobile industry, there is still room for stable development for this industry.

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

II. DETAILS OF SUBSTANTIAL CHANGES OF THE PRINCIPAL ASSETS OF THE COMPANY DURING THE REPORTING PERIOD

On March 31, 2015, upon approval of the Hong Kong Stock Exchange, 439,679,600 overseas listed foreign shares (H shares) issued by the Company were listed for trading on the main board of the Hong Kong Stock Exchange. The abbreviation of H share is “福耀玻璃” (in Chinese) and “FUYAO GLASS” (in English), and the stock code of H share is “3606”.

On April 28, 2015, upon approval of the Hong Kong Stock Exchange, 65,951,600 overseas listed foreign shares (H shares) from over-allotment as issued by the Company were listed for trading on the main board of the Hong Kong Stock Exchange.

As of now, the total share capital of the Company has changed from 2,002,986,332 shares to 2,508,617,532 shares.

Including: overseas assets of 9,373,290 (Unit: '000, Currency: RMB), accounting for 37.73% of the total assets.

III. 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 of contributing transparent and delicate glass to the world.
2. Fuyao has trained a team with devotion, passion, unity and aggressiveness which has competitive advantages in operation, management, technology and technique in the glass industry.
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 intelligentization 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, global layout of R&D centers and supply chain network; unique staff training and related mechanism, all of which are the systematic industrial advantages like a “city moat”.
5. Development strategy in a professional, devoted and concentrated manner enables the Company to react promptly to market changes and provide Total Solution of automotive glass for customers.

Section V Report of the Board of Directors

I. BUSINESS REVIEW

The principal business of the Company is design, manufacture, sales and service for automotive grade float glass and automotive glass. The business model of the Company is globalized research and development, design, manufacture, distribution and after-sales service. The Company adheres to leading technological development strategies in order to get closer to customers. Through the construction of base for production and sales and the concentration on improving industrial ecological chain and reacting to market changes systematically, professionally and rapidly, the Company provides Total Solution of automotive glass for customers.

(I) Review on the business of the Company

During the Reporting Period, the Company realized the revenue of RMB13,573,495,000, representing an increase of 4.99% as compared with the corresponding period last year; realized the profit for the year attributable to equity shareholders of the Company of RMB2,604,697,000, representing an increase of 17.37% as compared with the corresponding period last year; realized profits for the year attributable to equity holders of the Company, net of non-recurring profit or loss (prepared in accordance with the China Accounting Standards for Business Enterprises), of RMB2,610,572,000, representing an increase of 20.02% as compared with the corresponding period last year; realized net profit ratio of 19.21%, representing an increase of 2.06 percentage points as compared with the corresponding period last year; and realized basic earnings per share of RMB1.10, representing a decrease of 0.90% as compared with the corresponding period last year. For details, please refer to "I. Management Discussion and Analysis" of "Section VI Management Discussion and Analysis".

(II) Development, performance or status of the business of the Company

Most of the revenue of the Company is generated from the provision of high quality automotive glass design, supply and service. The Company also produces and sells float glass (the primary raw material for manufacturing automotive glass). The table below sets forth a summary of financial ratios for the periods and as of the dates indicated:

Financial indicator	Year ended December 31,		
	2015	2014	2013
Revenue growth ⁽¹⁾	4.99%	12.41%	12.24%
Net profit growth ⁽²⁾	17.59%	15.66%	25.75%
Gross profit margin ⁽³⁾	41.51%	41.48%	40.61%
Net profit margin before interest and taxes ⁽⁴⁾	23.82%	22.27%	22.44%
Net profit margin ⁽⁵⁾	19.21%	17.15%	16.66%
Return on equity ⁽⁶⁾	15.86%	25.18%	24.40%
Return on total assets ⁽⁷⁾	10.49%	13.12%	13.05%

Note: (1) Calculated by dividing revenue for the period by revenue for the previous period, minus one and multiplied by 100%. (2) Calculated by dividing net profit for the period divided by net profit for the previous period, minus one and multiplied by 100%. (3) Calculated by dividing gross profit by revenue for the period and multiplied by 100%. (4) Calculated by dividing the sum of net profit before interest and income tax expenses by revenue for the period and multiplied by 100%. (5) Calculated by dividing net profit for the period by revenue for the period and multiplied by 100%. (6) Calculated by dividing net profit attributable to the equity holders of the Company for the period by equity attributable to the shareholders of the Company as at the end of the period and multiplied by 100%. (7) Calculated by dividing net profit for the period by total assets as at the end of the period and multiplied by 100%.

The above table shows that the Company possesses highly competitive management and operation ability to continuously create values for shareholders. As the financial indicators of the Company have been stable and the scale of revenue has increased steadily, the profitability has constantly increased. Under the international and domestic economic transformation and upgrade and slowdown in growth of the automobile industry in 2015, a growth in the Company's results against the downturn trend was recorded. The revenue in 2015 represented a year-on-year increase of 4.99% while the net profit represented a year-on-year increase of 17.59%, indicating a greater growth in net profit than in revenue. For description of other information, please refer to "Section IV Summary of the Business of the Company" and "Section VI Management Discussion and Analysis".

Section V Report of the Board of Directors

II. DISCUSSION AND ANALYSIS ON THE FUTURE DEVELOPMENT OF THE COMPANY

(I) Competitive landscape and development trend in the industry

The global production volume of automobiles increased from 77.5835 million units in 2010 to 89.7342 million units in 2014, representing a compound annual growth rate of 3.7%. The production volume of automobiles in China was only 2.0691 million units in 2000, accounting for 3.54% of the global production volume. After a nine-year development, the production volume of automobiles in China broke the 10 million-unit record in 2009 for the first time, and reached 13.7910 million units, accounting for 22.35% of the global production volume, ranking the first in the world for the first time in automobile production. The production volume of automobiles in China increased from 18.2647 million units in 2010 to 24.5033 million units in 2015, representing a compound annual growth rate of 6.05% and a year-on-year increase of 3.25%. While ranking the first in the world for seven consecutive years, the PRC automobile industry has entered a quality development stage from speed development.

The global automobile ownership has remained an annual growth rate of over 3.5% since 2010 and reached 1.18 billion units in 2013. Asia, North America and Europe accounted for 90% of the total ownership. Economic sentiments, changes in climate and road conditions are the major factors affecting the total amount of aftermarket automotive glass. The stable growth in ownership and frequent extreme weathers brought a rapid growth in the demand of aftermarket automotive glass.

In the medium and long run, due to the low popularity of automobiles, along with the development of Chinese economy, the implementation of policies for expanding domestic demand, the growth in residents' income, increase in consumption ability and the maturity and application of new energy technology, there is still plenty of room for development in the PRC automobile industry and the industry of provision of accessories for automobiles. According to the public forecast conducted by HIS, a market research institution, the sales volume of Chinese automobile in 2020, excluding public vehicles and trucks, will reach 30.68 million units, being almost a double of the forecast of that in America of 16.76 million units in 2020.

In view of the average growth speed of automobiles globally for these years, the average growth speed is at approximately 3.5% to 4.5%, which is relatively stable. However, the growth speed of automobile industry in developing countries is higher than that of developed countries and its proportion in the global automobile industry is constantly increasing with an expanding impact.

Along with the development of technical application, the automotive glass has developed towards environmental protection, energy conservation, intelligence and collectivity with constantly increasing additional value. Meanwhile, environmental concerns and intelligentization of vehicles have brought a rapid growth in the demand of high value-added automotive glass and further expansion of the market scale. The leading position of Fuyao in this industry in terms of technology has brought structural opportunities to the automotive glass of the Company in aftersales market.

Therefore, in the medium and long run, as a supporting industry of the automobile industry, there is still room for stable development for this industry.

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

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(II) Development strategies of the Company

Development strategies of the Company:

Leveraging the culture and talents of techniques and innovation, the Company has systemically established a sustainable competitive advantage and profitability for “Fuyao” to become a transparent and reliable company for customers, shareholders, employees, suppliers, government, distributors and the society in the long run.

The plan of the Company is:

- (1) to continuously extend the boundary of “a piece of glass”, strengthen the study in the trend of glass collectivity and provide more comprehensive product solutions and services to automobile factories and ARG users.
- (2) to operate globally. The Company is conducting transformation and upgrade in respect of organization structure, culture, investment and talents to improve the ability to provide services and create values for customers worldwide.
- (3) to enlarge the involvement of informatization and automatization and establish the intelligent manufacturing system of Industry 4.0 in order to satisfy the customers’ personalized and small batch demand.
- (4) to capture the brand establishment in order to make “Fuyao” an international brand representing the standard of the industry and establish a worldwide common research and development platform while achieving the short-term operation goals and long-term strategic development.
- (5) to further comprehensively promote management system with intensive capital and budget to ensure the maximization of capital efficiency.

Opportunities of the Company:

- (1) The stable development of global automobile industry and the stable growth in automobile ownership provide demand and basis for the globalization of the Company.
- (2) Under the implementation of the Thirteenth Five-Year Plan, the PRC economic structure will become more reasonable, differences between regions will be reduced, poverty gap will be narrowed down, buying power will be increased and the economy will be developed healthily and stably, which provide new opportunities to the development of the Company.
- (3) The reasonable capital structure, sufficient cash flow, stable finance and exceptional operating ability of the Company have laid an optimal foundation for expansion of the Company.
- (4) Benefiting from the solid foundation of the Company’s informatization, the Company can quickly adapt to changes in external environment in the informatization era.
- (5) Intelligentization of automobiles and centralization of glass have provided the Company with opportunities to break through the product boundaries and added value.



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Challenges of the Company:

- (1) The transformation and upgrade of the global economy and the increase in uncertainties will bring challenges to the international development of the Company.
- (2) Under the “new normal”, the adjustment to the PRC’s economic structure and the slowdown in the growth speed will bring challenges to the domestic development of the Company.
- (3) In the informatization era, customers have growing requirements for the response speed, and propose new requirements for the improvement of informatization of the Company.
- (4) New requirements for the intelligentization of glass are raised by the intelligentization of automobiles.
- (5) Higher requirements for the integration abilities of the Company are raised by accelerating trend of glass integration and multi-function.
- (6) The globalization of the Company brings challenges to the Company on adapting to cultural differences and laws in the country it operates.

(III) Potential risks

1. Risks on economy, politics, society, and government policies

Most assets of the Company are located in the PRC and approximately 65% of the income is from the business in the PRC. Therefore, the operating results, financial status and prospects of the Company are influenced by changes in economy, politics, policies and laws. As the PRC is in the stage of transformation and upgrading, the business of the Company in PRC might be affected. Hence, the Company will enhance the innovation on technology while strengthening the aftersales maintenance market, and consolidate and ensure stable and healthy development of the PRC market while taking advantage of globalized operation.

2. Risks of the development of the Company

The entire automobile industry is in the process of transformation and upgrade. The competition in automobile industry is stretching from a manufacturing field to a service field where intelligence, networking and digitalization will be the mainstream of the development of automobile brands. As the scale of the individual entrepreneurs in the PRC automobile industry remains small, restructuring will be inevitable. Encouragement policies, including reduction of purchase tax for passenger vehicles with emission on or below 1.6 liters and waiver of surcharges for purchase of new energy vehicles, valid from October 1, 2015 to December 31, 2016 and from September 1, 2014 to December 31, 2017, respectively, may be terminated upon the expiry of the encouragement policies. If the Company fails to promptly react to the change in technologies, customers’ demands might not be satisfied. If the demand of automobiles fluctuates, the demand of the products of the Company would also fluctuate, resulting in adverse impact on the financial status and operating results of the Company. The Company, therefore, will enrich product lines, optimize product structures, increase the added value of products including encapsulated products, HUD glass, acoustic glass, hydrophobic glass, SPD light transmittance glass, coated heat-cut glass and UV-cut glass, to provide more comprehensive product solutions and services to customers worldwide.

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3. Risks of the market competition

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

4. Risks of cost fluctuation

The costs of automotive glass of the Company mainly comprise raw materials of float glass, PVB raw materials, labor, electricity and manufacturing costs, while the costs of float glass mainly include costs of fuels such as sodium carbonate and natural gas, labor, electricity and manufacturing fees. Influenced by the fluctuation of the prices of international bulk commodities, changes in supply and demand in the natural gas market, changes in production capacity in the sodium carbonate industry and needs for sodium carbonate due to the prospect of the glass and the aluminum oxide industry, the commencement of the pricing mechanism of natural gas and the linkage reform mechanism of crude oil, the commencement of coal power linkage pricing reform mechanism, the pressures of inflation arising from the Quantitative Easing happening to countries by turn all over the world, continuous rising of labor cost, the Company is exposed to the risk of cost fluctuation. Given the above, the Company will:

- (1) deepen the procurement reform of the Group, and establish a supply chain and supplier system in line with the future development of Fuyao. The Company will integrate key material suppliers to develop cooperative partnership relationship and build a mechanism in respect of the rating and incentive of suppliers, and appraise outstanding suppliers; build an iron triangle management mechanism on areas such as procurement, technique and quality by focusing on suppliers of key materials and import of materials.
- (2) 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.
- (3) strengthen customer loyalty and inspire their confidence in placing orders at the same time through building plants in the Europe and the US and conducting production and sale in those regions, and leverage certain of its strengths in the prices of materials, natural gas and electricity to avoid risks arising from cost fluctuations.
- (4) improve knowledge productivity and create value for the Company by devoting efforts to energy conservation in manufacturing and management as well as product intelligence.



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5. Risks of fluctuations in exchange rates

Reforms have been made to the mechanism of the country's RMB exchange rate with regard to the principles of taking initiatives in the reforms of, pursuing gradual changes in and maintaining control over RMB exchange rates by turning the said mechanism into a managed floating rate system based on market supply and demand with reference of the basket of currencies. Although the underlying cause of imbalances in international trade lies in the issues behind the economic structure of certain countries, fluctuations in exchange rates will take place alongside the fluctuations in the global economy, turbulence in certain countries, growing tension in certain key areas, and the tightening and easing of monetary policies by different countries. Given that the export-oriented business has accounted for over one third and its scale expands per annum, the occurrence of significant fluctuations in exchange rates will 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 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 the Europe and the US and conducting production and sale in those regions while avoiding risks arising from the fluctuations in exchange rates and keeping the risks under control.

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 of the customers of the Company

The Company focuses on developing proprietary technologies and new automotive glass products. Long time periods 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 sales. Investment in the development of new products 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 enlarge its investment in research and development, improve its independence and 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 demand of the main manufacturers through the product center to establish a strategic cooperative relationship with the customers.

(IV) Operating plan

For the year of 2016, domestic and overseas economy will become more complex and volatile. As such, the Company will accelerate the design, research and development of new products and constantly increase its market share with a persistent orientation towards the demand of internal and external customers. Based on the scientific decision-making and transparency of big data management and the pragmatic technological foundation of human and machine, the value-chain operations management will be realized. The production volume, sales volume and other principal operating indicators of automotive glass are expected to keep steady growth for the year of 2016.

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Major tasks of the Company to be carried out in 2016:

1. To complete the construction of Phase II of the US project to gain inroads in the process of internationalization, and inject new motive for continuous development.
2. To respond to the demand of the main factory through the product center and enhance the training and incentives for sales service team by reforming the sales system.
3. To improve the mentality and capabilities of providing services and enhance the whole-process design and management of as well as control over the quality; to optimize the operations systems of subsidiaries and the establishment of the management team and wholly strengthen the operations and quality management.
4. To continuously foster the establishment of informatization systems and big data platform of the Company, step up automated manufacturing levels of the Company and facilitate advanced integration of informatization and industrialization.
5. To promote the participation of the entire staff of the Company in putting forward reasonable suggestions and achieving improvement in an on-going manner, and to establish guidance, incentive and honors systems for the purpose of instilling the core values of Fuyao through everyday acts of its staff.
6. To explore the mechanism and direction of improving technological integration and comprehensively implement knowledge productivity.
7. To advance procurement reforms of the entire Group and establish a modern supply chain value system that caters to the needs of the customers.
8. To keep on fostering the innovation in human resources management and complete the first phase establishment of the online learning platform of Fuyao (which is also the online platform of the knowledge management of the Group).

In order to achieve the operating plan and work targets for the year of 2016, the Company expects the capital needs throughout 2016 will be RMB18.838 billion, among which, the operating expenditure, capital expenditure and cash dividends will be RMB13.839 billion, RMB3,118 million and RMB1,881 million, respectively. Such needs are expected to be fulfilled through collection of sales payment, acceleration of inventory turnovers and management of receivables, utilization of proceeds from the issuance of H shares, and debt financing such as borrowings from financial institutions and issuance of debentures. In 2016, for the purpose of enhancing the security and effectiveness of capital management, the Company will continuously enhance the comprehensive budget management, strictly control the exchange risks and optimize the capital structure.

The abovementioned plan is a operating plan based on the current economic conditions, market conditions and the position of the Company. The operating plan therefore does not constitute a performance guarantee or undertaking by the Company to the investors. Investors shall maintain a reasonable awareness of the risks and gain an understanding of the differences between an operating plan and a performance guarantee.

III. RESULTS

Please see “Consolidated Income Statement” of “Section XI Financial Report” for details of the annual results of the Company as of the year ended December 31, 2015. Please see “Section XII Business Performance Highlights for the Previous Five Years” for the summary of the results of the Company for the last five financial years.

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IV. DIVIDEND AND DIVIDEND TAX

The profit distribution plan for the year of 2015 proposed by the Company is as follows: cash dividends of RMB7.5 per 10 shares (tax inclusive) are distributed based on total share capital of 2,508,617,532 shares of the Company as of December 31, 2015 for holders of A shares and holders of H shares whose names appear on the register of members on the record date of the declaration of cash dividend for the year of 2015 and dividend of RMB1,881,463,149 in total is distributed. The undistributed profit balance of the Company will be settled and carried forward to the following year. The Company will not carry out bonus sharing and conversion of capital reserve into share capital for the year of 2015. The cash dividend distributed by the Company is denominated and declared in RMB and payable in RMB to holders of A shares, and in HKD to holders of H shares.

After the profit distribution plan for the year of 2015 is approved by the annual general meeting, the cash dividend will be paid out within two months from the closing of the annual general meeting.

For the details of the formulation, implementation and adjustment to the policy of cash dividend and the plan or proposal for profit distribution of the Company for the last three years (including the Reporting Period), please see "1. Profit Distribution Plan for Ordinary Shares or Plan to Convert Surplus Reserves into Share Capital" of "Section VII Significant Events".

Holders of A shares

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

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

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

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

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

Holders of H shares

Pursuant to Notice of State Administration of Taxation on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Document Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅征管問題的通知》(國稅函[2011]348號)), dividends received by overseas resident individual shareholders from domestic non-foreign invested enterprises which have issued shares in Hong Kong are subject to individual income tax, which shall be withheld and paid by such domestic non-foreign invested enterprises acting as a withholding agent according to the items of "interest, dividend and bonus income". Overseas resident individual shareholders of domestic non-foreign invested enterprises which have issued shares in Hong Kong are entitled to relevant preferential tax treatment pursuant to the provisions in the tax treaties between the countries in which they are residents and China, and the tax arrangements between Mainland China and Hong Kong (Macau). Dividends are generally subject to income tax at a rate of 10% as required by the relevant tax treaties and tax arrangements. For the purpose of simplifying the collection of tax, individual shareholders are generally subject to a withholding tax rate of 10% without any application when domestic non-foreign invested enterprises which have issued shares in Hong Kong distribute dividends. Where the tax rate on dividends is not 10%, the following requirements shall apply: (1) For individuals receiving dividends who are citizens from countries that have entered into tax treaties with China with tax rates lower than 10%, the withholding agent will apply on behalf of them to seek entitlement of preferential tax treatments, and upon approval by the competent tax authorities, the excess amounts withheld will be refunded; (2) For individuals receiving dividends who are citizens from countries that have entered into tax treaties with China with tax rates higher than 10% but lower than 20%, the withholding agent will, upon distribution of dividends, withhold and pay the individual income tax at the agreed effective tax rates under the treaties, without making any application; (3) For individuals receiving dividends who are citizens from countries without tax treaties with China or under other circumstances, the withholding agent will, upon distribution of dividends, withhold and pay the individual income tax at the rate of 20%.

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

According to the requirements of Notice on the Tax Policies Concerning the Pilot Program of the Shanghai-Hong Kong Stock Connect published by the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission (Guo Shui Han [2014] No. 81) (《財政部、國家稅務總局、中國證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), H-share companies shall withhold an individual income tax at the rate of 20% on dividends from the H shares of the Company invested by mainland

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individual investors on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect. For dividends of the shares listed on the Hong Kong Stock Exchange received by mainland securities investment funds through Shanghai-Hong Kong Stock Connect, individual income tax shall be calculated in accordance with the above requirements. For dividends of the shares listed on the Hong Kong Stock Exchange received by mainland enterprise investors through Shanghai-Hong Kong Stock Connect, H share companies shall not withhold income tax of dividends, and mainland enterprise investors shall report and pay the tax amount by themselves. In particular the dividends received by resident enterprises in mainland which hold H share for at least 12 consecutive months could be exempted from enterprise income tax according to the law.

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

V. USE OF PROCEEDS FROM H SHARE ISSUANCE

In order to raise funds to expand the business of the Company and further enhance its corporate governance and competitiveness, the Company has conducted initial public offering of H shares. Upon approval of the "Approval in Relation to the Issuance of Overseas Listed Foreign Shares by Fuyao Glass Industry Group Co., Ltd." (Zheng Jian Xu Ke [2015] No. 295) issued by the CSRC, the Company completed the initial issuance of 439,679,600 H shares to overseas investors on March 31, 2015 and further completed the issuance of 65,951,600 H shares to overseas investors due to their exercise of the over-allotment options on April 28, 2015. The number of H Shares issued was 505,631,200 in aggregate. The issue price under the initial public offering was HKD16.80 per share. After deducting underwriting fee and other issuance expenses, net proceeds from the two issuances were HKD8,278,123,392.61 in aggregate (equivalent to a total of USD1,067,317,464.20).

As of December 31, 2015, the Company has used an accumulated amount of USD752,726,500 of H Shares proceeds, among which, USD200,000,000 were remitted to the PRC for repaying bank loans; USD417,326,500 was used for the construction of the US automotive glass projects and USD135,400,000 was invested for the construction of the Russian automotive glass projects.

The actual use of proceeds from the issuance of H shares of the Company is in line with the use of proceeds as disclosed in the prospectus.

VI. CONNECTED TRANSACTIONS

Please see "XI Substantial Connected Transactions" of "Section VII Significant Events" for the details of connected transactions of the Company.

VII. DONATION

During the Reporting Period, total external donation of the Group amounted to RMB49.8381 million.

VIII. PROPERTY, PLANT AND EQUIPMENT

Please see Note 6 "Property, Plant and Equipment" of "Section XI Financial Report" for the details of the changes in property, plant and equipment of the Company.

IX. SUBSIDIARIES AND ASSOCIATES

Please see Note 9 "Investment in Joint Ventures" and Note 35 "Subsidiaries" of "Section XI Financial Report" for the details of the interests of the Company in the major subsidiaries and the interests of the Company and the major subsidiaries in major associates as at December 31, 2015.

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X. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Please see “IV Changes in Directors, Supervisors and Senior Management of the Company” of “Section IX Directors, Supervisors, Senior Management and Employees” for details.

XI. DISCLOSURE OF INTERESTS

Please see “Section VIII Changes in Ordinary Shares and Information of Shareholders” for the details of the disclosure of interests of the Company.

XII. 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 or redeemed any listed securities of the Company.

XIII. MINIMUM PUBLIC FLOAT

As at the Latest Practicable Date, according to the publicly available information and the best knowledge of the directors of the Company, the Company has maintained sufficient public float.

XIV. ISSUANCE OF SHARES

Please see “I. Changes in Ordinary Share Capital” of “Section VIII Changes in Ordinary Share Capital and Information of Shareholders” for the details of the issuance of shares by the Company in 2015.

XV. RESERVES AND DISTRIBUTABLE RESERVE

Pursuant to the Company Law of the PRC, undistributed profit could be distributed as dividend after allocation is made to the statutory surplus reserve. According to the requirements of the Articles of Association, when the Company allocated profit after tax in relevant accounting year, the amount of profit after tax in the financial statements shall be prepared in accordance with China Accounting Standards and International Financial Reporting Standards, whichever is lower. For the calculation in accordance with the International Financial Reporting Standards, as at the end of 2015, the undistributed profit of the Company amounted to approximately RMB2.655 billion.

XVI. PRE-EMPTIVE RIGHTS AND SHARE OPTION ARRANGEMENTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company or the laws of the PRC. Meanwhile, the Company currently does not have any share options arrangements.

XVII. BANK BORROWINGS AND OTHER LOANS

Please see Note 19 “Borrowings” of “Section XI Financial Report” for the details of the bank borrowings and other loans of the Company.

XVIII. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE HONG KONG LISTING RULES

During the Reporting Period, the Company has complied with the code provisions of the Corporate Governance Code contained in Appendix 14 of the Hong Kong Listing Rules, except as otherwise explained in the Corporate Governance Report of this annual report. Please see “Section X Company Governance and Corporate Governance Report” for the details of the corporate governance of the Company.

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XIX. FULFILMENT OF SOCIAL RESPONSIBILITIES

During the Reporting Period, the Company has prepared and disclosed the 2015 Social Responsibility Report of Fuyao Glass Industry Group Co., Ltd. pursuant to the relevant requirements.

XX. RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

(I) Employees

The Group recruits employees primarily through campus recruiting, internal referral and the Internet. The Group hires overseas employees locally with the assistance of local recruitment agencies, and also transfers some of the employees overseas. The Group offers employees competitive remuneration packages, which generally include base salary, performance-based bonus and allowances. The Group conducts annual review of the employees to provide them with feedbacks on their performance. The Group has implemented training programs for the employees in China and overseas to enhance their skill. The Group provides orientation and on-the-job training to the employees. The orientation training covers subjects such as corporate culture and policies, work ethic, major products and production process, quality control and occupational safety. The continuing on-the-job training covers technical know-how, environmental, health and safety management systems and mandatory training required by the applicable laws and regulations. The Group also provides management training for managers or potential manager candidates. The Group believes that these initiatives have contributed to increased productivity of the employee. Please see “VII. Employees of the Company and Its Major Subsidiaries” of “Section IX. Directors, Supervisors, Senior Management and Employees” for the other information of employees.

(II) Customers

The Group sells automotive glass to OEM and ARG customers in various countries and regions, including the PRC, the United States, the United Kingdom, Hong Kong, Germany and Japan. The OEM customers include the world's top 20 automobile manufacturers by production volume, such as Toyota, Volkswagen, General Motors, Ford and Hyundai, and the top 10 passenger vehicle manufacturers in China by production volume, such as SAIC-GM, FAW-Volkswagen, Shanghai Volkswagen, Beijing Hyundai and Dongfeng Nissan, which are affiliates of or joint ventures operated by the world's top 20 automobile manufacturers.

In 2015, the five largest customers of the Group, all of which are independent third-party automotive glass customers, accounted for 15.63% of the revenue of the Group, and the largest customer accounted for 5.34% of the revenue of the Group. None of the directors of the Company and their close associates or shareholders who hold more than 5% of the shares of the Company has any interest in the five largest customers of the Group.

(III) Suppliers

The Group has adopted procedures for evaluating potential domestic and overseas suppliers based on product quality, price, ability to deliver products on time and technical capability. The Group has established procurement departments at the Russian and U.S. subsidiaries to purchase the raw materials used in the overseas production from local suppliers through the same supply management system that has been adopted at the headquarters. The Group conducts periodic onsite reviews of the suppliers' facilities according to ISO/TS16949 quality system. The Group generally enters into annual procurement contracts with major suppliers. The agreements between the Group and suppliers typically set forth the quantity, price, quality specifications, payment terms and warranty for each type of raw materials.

In 2015, the five largest suppliers of the Group accounted for 24.57% of the purchase of the Group and the largest supplier of the Group accounted for 6.63% of the purchase of the Group. None of the directors of the Group and their close associates or shareholders who hold more than 5% of the shares has any interest in the five largest suppliers of the Group.

Section V Report of the Board of Directors

XXI. ENVIRONMENTAL MATTERS

The Group complies with a broad range of environmental laws and regulations in countries in which it operates, including those governing air emissions, water discharges, noise control and the management and disposal of hazardous substances and waste.

The major pollutants of the manufacturing process of the Group include air emissions, waste water, dust, noise and solid waste, the emissions of which are in compliance with all applicable environmental laws, regulations and standards. The Group has implemented comprehensive environmental protection measures to minimize the impact of the production process on the environment, including (i) installation of fluorodenitration equipment, (ii) replacement of heavy oil with natural gas in float glass production, (iii) installation of water recycle system for cyclical use of water in the production process, (iv) use of walls and acoustic materials to reduce noise and (v) engagement of qualified third parties to dispose solid waste. In addition, the Group conducts environmental monitoring of the manufacturing facilities under the supervision of the environmental protection authorities. The Group also engages qualified third parties to conduct environmental impact assessment prior to the construction of the production facilities. The Group has obtained ISO14001 certification for the environmental management systems.

As of the end of the Reporting Period, the Group was not subject to any material environmental claims, lawsuits, penalties or disciplinary actions.

XXII. OCCUPATIONAL HEALTH AND SAFETY MATTERS

The Group complies with work safety laws and regulations imposed by the government authorities in China and other countries in which it operates. The Group has implemented various occupational health and safety procedures to maintain a safe work environment, including (i) providing guidelines for operational and safety control procedures to all employees, (ii) adopting protective measures at the production facilities, (iii) inspecting the equipment and facilities regularly to identify and eliminate safety hazard and (iv) providing regular training to the employees on safety awareness. The Group has established a work safety committee to monitor and ensure the effective implementation of the health and safety procedures. The Group has established safety management departments at the Russian and U.S. subsidiaries, which establish and monitor the implementation of safety management system at the manufacturing facilities in Russia and the U.S.. The Group has also designated personnel in charge of safety management at the Russian and U.S. manufacturing facilities. The Group has obtained GB/T28001 certification for the work safety management system. As the business of the Group expands, the Group will continue to regularly review the occupational health and safety procedures to ensure they comply with industry customary practices and applicable laws and regulations.

As of the end of the Reporting Period, the Group did not encounter any material unplanned disruption in production due to health and safety issues, nor received any material health and safety related claim.

XXIII. LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

The Company may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of the business. As of the Latest Practicable Date, the Company was not a party to, and not aware of any threat of, any legal, arbitral or administrative proceedings, which, in the opinion of the Company, is likely to have a material and adverse effect on the business, financial conditions or results of operations. Please see "Section X Company Governance and Corporate Governance Report" for the details on the on-going compliance with applicable laws and regulations by the Company and the directors and senior management of the Company.

XXIV. REVIEW OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The financial statements for the year ended December 31, 2015 have been reviewed by the audit committee of the Company.

Section VI Management Discussion and Analysis

I. MANAGEMENT DISCUSSION AND ANALYSIS

Being a worldwide leading enterprise of design, development, manufacturing, supply and service of automotive glass and automotive grade float glass, Fuyao adheres to leading technological development strategies. During the Reporting Period, Fuyao continuously provided products and services of automotive safety glass which embodied the intelligence and care of all Fuyao staff to the world's automobile manufacturers and maintenance market, as well as provided global automobile users with economical, safe, comfortable, environment-friendly and fancy automotive safety glass, and in the meantime, improved the living space of passengers.

In 2015, the world witnessed continuous economic depression, the economic growth of major economies was constantly narrowed, and growth of the domestic macroeconomy slackened. In accordance with the statistics of China Association of Automobile Manufacturers, the production and sales volume of automobiles in the PRC in 2015 were 24.5033 million units and 24.5976 million units, respectively, representing a year-on-year increase of 3.25% and 4.68%, and the growth rate decreased by 4.01 percentage points and 2.18 percentage points respectively compared with the same period of the last year.

Under the downturn of domestic economy and slowdown in the growth of the automobile industry, Fuyao recorded growth amid the unfavorable contortion with good performance. During the Reporting Period, the Company successfully completed global offering of H shares, realizing "A+H" capital market layout; actively promoted investment in construction in the U.S. and Russia, and substantial progress was made in globalization; ensured the realisation of "industry 4.0" in Fuyao, formulated the upgrade plan of model enterprises of "Made in China 2025" to further enhance the global competitiveness of the Company; promoted comprehensive budget management and carried out process reengineering which obtained preliminary results. The income and profit of the Company were recorded growth amid the unfavorable condition.

Under the strategic guidance of the Board of Directors, business management moved ahead with ambition, leading all Fuyao staff to face challenges. During the Reporting Period, the Company realized the revenue of RMB13,573,495,000, representing an increase of 4.99 % as compared with the corresponding period last year; the profit for the year attributable to equity shareholders of the Company of RMB2,604,697,000, representing an increase of 17.37% as compared with the corresponding period last year; realized profits for the year attributable to equity shareholders of the Company net of non-recurring profit or loss (prepared in accordance with the China Accounting Standards for Business Enterprises), of RMB2,610,572,000, representing an increase of 20.02% as compared with the corresponding period last year; realized net profit ratio of 19.21%, representing an increase of 2.06 percentage points as compared with the corresponding period last year, marking the improved operation level of the Company; and realized basic earnings per share of RMB1.10, representing a decrease of 0.90% as compared with the corresponding period last year. During the Reporting Period, the Company embraced innovations and was vigorous in achieving better results:

1. The network of production, supply and service was arranged in accordance with Fuyao's global strategic layouts.

During the Reporting Period, the Company overcame the adverse situation of the slow-down of growth rate in automotive industry and market, spared efforts on both domestic and overseas markets, and strengthened the modern manufacturing of major automotive manufacturing states in the world, improved the construction of supply network, customer technical supporting service and innovation of products, which laid foundation for sustainable development of the Company. During the Reporting Period, revenue achieved by the Company amounted to RMB13,573,495,000, representing a year-on-year increase of 4.99%, among which, revenue generated from automotive glass amounted to RMB13,137,757,000, representing a year-on-year increase of 5.61%. The high value-added products featuring functional model integration contributed 30% of the Company's revenue, and products with internationally leading advanced technology self-developed by Fuyao has entered the initial stage. The revenue generated from automotive glass sold in overseas markets represented a year-on-year increase of 4.13%, while the revenue generated from automotive glass sold in domestic markets represented a year-on-year increase of 6.39%, and the market share was further improved.

Section VI Management Discussion and Analysis

2. Global offering of H shares was completed and capital structure was optimized, and in the meantime, Fuyao's corporate culture of creating value for shareholders and the society was recognised by global investors and customers.

Upon approval of the "Approval in Relation to the Issuance of Overseas Listed Foreign Shares by Fuyao Glass Industry Group Co., Ltd." (Zheng Jian Xu Ke [2015] No. 295) issued by the CSRC, the Company completed the initial issuance of 439,679,600 H shares to overseas investors on March 31, 2015 at an issue price of HKD16.80 per share; the Company completed the issuance of 65,951,600 H shares to overseas investors due to the exercise of the over-allotment options on April 28, 2015 at a price of HKD16.80 per share. Global offering of Fuyao H shares was completed successfully, receiving high recognition from global investors.

3. Independent innovative ability of the Company was improved, while R&D innovation was strengthened.

The Company has been focusing on the leading role of R&D innovation, and believes that technology innovation is the feature of a globally leading enterprise manufacturing automotive glass. The Company continuously improved its independent innovative ability, continued to improve the R&D ability, and strengthened the investment in R&D to improve the product design and production capabilities. During the Reporting Period, benefiting from the endeavor from all staff in the Company, the production capacity and the yield of self-produced suppressing oven of the Company hit a record high, symbolizing the Company to enter a new stage of independent innovation. High quality float thin glass in Tongliao with self-owned technique underwent smooth batch production.

4. Informatization and intelligentization in management was improved.

During the Reporting Period, (1) the Company started the project 4.18, and activated the intelligence productivity development stage of Industry 4.0 launched in Fuyao; (2) the comprehensive budget system was successfully launched, and all upgrades of ERP were ready to run, while CRM, PLM, SRM and MES were smoothly advanced, and transparent Fuyao was in the initial stage.

5. Comprehensive quality and continuous improvement were carried out and refined management was improved to reduce cost expense rate.

During the Reporting Period, the Company encouraged its front-line staff to be productive and creative, continued to upgrade technique and automation, promoted lean production, reinforced the operation management, and improved the efficiency of productivity management. The Company constantly reinforced procurement management to maintain quality and control costs from the sources; increased the effective transfer of application of R&D innovation, met the demand trend for consumption upgrade, and improved the value-added medium- and high-end and functional products. Through the effective implementation of various measures, the control on cost expenses was successful, and the operation profit rate improved effectively. The cost expense rate of the Company during the Reporting Period (the aggregate of cost of sales, distribution costs, administrative expenses, research and development expenses, finance costs - net and exchange gains/(losses) - net in other gains/(losses) as a percentage of revenue) was 77.68%, representing a decrease of 2.55 percentage points from 80.23% as compared with the corresponding period of last year, and a decrease of 1.21 percentage points from 78.89% proposed for the year.

Section VI Management Discussion and Analysis

6. Product structure was enriched and industry boundaries were expanded to improve the additional value of products.

Based on its strong R&D ability, the Company further improved product performance and developed other automotive glass products with high added-value; the Company established fixed sunroof projects and production lines, broadened the new areas of encapsulated products, and established encapsulation business.

7. Overseas projects were progressed smoothly, which helped add new motivation for sustainable development.

Investment in the U.S. has achieved substantive progress. Fuyao Illinois (US) Float Project was put into production smoothly and the first phase of Ohio Automotive Glass Project was established, and commenced massive production. The production capacity of automotive glass and the ability of synergic supply of automotive quality float glass provided strong support to the network of OEM and ARG in the overall automotive industry in North America. Fuyao factories in Russia obtained authentications from various principal European automotive factories, and will serve as the principal production base for Russian and European markets.

II. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD

As at December 31, 2015, the total assets of the Company amounted to RMB24.842 billion, representing an increase of 47.07% as compared with the beginning of the year; the total liabilities amounted to RMB8.412 billion, representing an increase of 4.20% as compared with the beginning of the year; gearing ratio was -7.78%; equity attributable to shareholders of the Company amounted to RMB16.423 billion, representing an increase of 86.34% as compared with the beginning of the year.

In 2015, the revenue achieved by the Company amounted to RMB13,573,495,000, representing an increase of 4.99% as compared with the corresponding period of last year; net profit attributable to the equity shareholders of the Company amounted to RMB2,604,697,000, representing an increase of 17.37% as compared with the corresponding period of last year; profits for the year attributable to the equity shareholders of the Company net of non-recurring profit or loss (prepared in accordance with the China Accounting Standards for Business Enterprises) amounted to RMB2,610,572,000, representing an increase of 20.02% as compared with the corresponding period of last year; basic earnings per share amounted to RMB1.10, representing a decrease of 0.90% as compared with the corresponding period of last year.

(I) Analysis on principal business

Table of analysis of changes in relevant items in the income statement and cash flow statement

Unit: '000 Currency: RMB

Items	For the Reporting Period	For the same period last year	Percentage change
Revenue	13,573,495	12,928,182	4.99
Cost of sales	7,938,515	7,565,501	4.93
Distribution costs and selling expenses	1,020,585	982,165	3.91
Administrative expenses	1,287,869	1,031,342	24.87
Finance costs – net	170,787	226,861	-24.72
Net cash generated from operating activities	3,000,346	3,130,576	-4.16
Net cash used in investing activities	-3,001,382	-2,611,918	14.91
Net cash generated from/(used in) financing activities	5,108,065	-502,843	1,115.84
Research and development expenses	592,889	517,924	14.47

Section VI Management Discussion and Analysis

Changes in income statement and thereof

Unit: '000 Currency: RMB

Items	For the Reporting Period	For the same period last year	Increase/ decrease amount	Percentage of increase/ decrease (%)	Reason for change
Other income	97,836	46,017	51,819	112.61	The increase of other income was mainly due to the increase of government grants received by subsidiaries during the Reporting Period
Other gains/ (losses) – net	375,797	(43,091)	418,888	(972.10)	The increase of other gains was mainly due to the depreciation of RMB, leading to the significant increase of foreign exchange gains
Finance income	19,725	14,362	5,363	37.34	The increase of finance income was mainly due to interest income from assets raised through the issuance of H shares
Share of results of joint ventures	5,559	31,029	(25,470)	(82.08)	The change of share of profit of joint ventures was mainly due to the decrease of recognised gains after disposal of equities of two joint ventures during the Reporting Period
Non-controlling interests	2,119	(2,468)	4,587	(185.86)	Change of non-controlling interests was mainly due to the gains from the commencement of operations of Xupu Fuyao, a non-wholly-owned subsidiary, during the Reporting Period

Changes in cash flow statement explanations

Unit: '000 Currency: RMB

Items	For the Reporting Period	For the same period last year	Increase/ decrease amount	Percentage of increase/ decrease (%)	Reason for change
Proceeds from disposal of property, plant and equipment	49,106	21,853	27,253	124.71	The increase of net cash from disposal of fixed assets, intangible asset and other long-term assets was mainly due to the increase of cash received from disposal of fixed assets during the Reporting Period

Section VI Management Discussion and Analysis

Unit: '000 Currency: RMB

Items	For the Reporting Period	For the same period last year	Increase/decrease amount	Percentage of increase/decrease (%)	Reason for change
Proceeds from disposal of leasehold land and land use right	–	50,000	-50,000	-100.00	The decrease of proceeds from disposal of leasehold land and land use right was mainly due to the receipt of the balance from disposal of land of Fuyao Tongliao for the same period last year
Purchases of leasehold land and land use rights	215,211	115,357	99,854	86.56	The increase of purchases of leasehold land and land use rights was mainly due to the purchases of land use rights by subsidiaries including Tianjin Hongde during the Reporting Period
Purchases of intangible assets	10,203	59,612	-49,409	-82.88	The decrease of purchases of intangible assets was mainly due to the increase of licenses paid for technologies by US Float for the same period last year
Interest received	19,725	14,362	5,363	37.34	The increase of interest received was mainly due to interest income from proceeds from the issuance of H shares
(Increase)/decrease in restricted cash	-5,598	2,786	-8,384	-300.93	The change of restricted cash was mainly due to the opening of the letter of credit and performance bonds deposited by way of bills of exchange by the subsidiaries
Government grants received relating to property, plant and equipment	51,426	92,546	-41,120	-44.43	The decrease of government grants received in relation to property, plant and equipment was mainly due to the decrease of government grants received in relation to assets as compared with the corresponding period last year, during the Reporting Period
Proceeds from the issuance of ordinary shares	6,523,837	–	6,523,837	100.00	Proceeds from the issuance of ordinary shares represent the funds raised through the issuance of H shares during the Reporting Period
Dividends paid to Company's equity holders	1,502,240	1,001,493	500,747	50.00	The increase of dividends paid to the Company's equity holders was mainly due to the increased expenses from distribution of dividend during the Reporting Period

Section VI Management Discussion and Analysis

1. Analysis on revenue and costs

During the Reporting Period, sales of automotive glass of the Company increased by RMB698,380,000, representing a year-on-year increase of 5.61%, in which, domestic OEM sales increased by RMB520,862,000, sales of overseas spare parts increased by RMB129,948,000, and overseas OEM sales increased by RMB46,558,000. Cost of sales increased by RMB373,014,000, representing a year-on-year increase of 4.93%. Cost expense rate in 2015 was 77.68%, representing a decrease of 2.55 percentage points as compared with the corresponding period of last year. During the Reporting Period, the Company insisted on industrial specialization, improved marketing, strengthened the development of functional products and high value-added products, implemented energy conservation and consumption reduction, and improved management efficiency to ensure that the growth of domestic and overseas automotive glass sales exceeded the growth in automotive industry, while the costs were effectively controlled.

(1) By product or by region

Unit: '000 Currency: RMB

Product	Revenue	Cost of sale	By product			
			Profit margin (%)	Change in revenue as compared with last year (%)	Change in cost of sale as compared with last year (%)	Change in profit margin as compared with last year (%)
Automotive glass	13,137,757	8,323,966	36.64	5.61	5.22	Increased by 0.23 percentage points
Float glass	2,485,240	1,908,418	23.21	16.69	23.10	Decreased by 4 percentage points
Others	461,607	217,240				
Less: Intragroup elimination	-2,511,109	-2,511,109				
Total	13,573,495	7,938,515	41.51	4.99	4.93	Increased by 0.03 percentage points



Section VI Management Discussion and Analysis

Region	Revenue	Sales costs	By region		Percentage change in sales costs as compared with last year (%)	Percentage change in profit margin as compared with last year (%)
			Profit margin (%)	Percentage change in revenue as compared with last year (%)		
The PRC	9,067,998	5,179,608	42.88	5.47	5.26	Increased by 0.11 percentage points
Other countries	4,505,497	2,758,907	38.77	4.05	4.32	Decreased by 0.15 percentage points
Total	13,573,495	7,938,515	41.51	4.99	4.93	Increased by 0.03 percentage points

(2) Analysis table for production and sales amounts

Unit: (automotive glass) million square meters; (float glass) '000 tons

Principal products	Production volume	Sales volume	Inventory	Change in		Change in inventory as compared with last year (%)
				production volume as compared with last year (%)	sales volume as compared with last year (%)	
Automotive glass	92.98	92.01	10.11	0.92	1.21	10.76
Float glass	1,117.92	1,044.00	265.87	26.31	24.64	35.47

Note: Production volume refers to that of the finished goods.

Section VI Management Discussion and Analysis

(3) Analysis table for costs

Unit: '000 Currency: RMB

By products	Cost structure	By product				Percentage change of the amount for the period as compared with the corresponding period last year (%)
		Amount for the period	Amount for the period accounting for total costs (%)	Amount for the corresponding period last year	Amount for the corresponding period last year accounting for total costs (%)	
Automotive glass	Raw materials	5,406,160	64.95	5,153,674	65.15	4.90
Automotive glass	Costs of energy	797,292	9.58	788,352	9.97	1.13
Automotive glass	Costs of labor	1,009,993	12.13	917,096	11.59	10.13
Automotive glass	Others ⁽¹⁾	1,110,521	13.34	1,051,569	13.29	5.61
Float glass	Raw materials	511,997	26.83	428,071	27.61	19.61
Float glass	Costs of energy	871,311	45.66	698,176	45.03	24.80
Float glass	Costs of labor	72,983	3.82	58,991	3.81	23.72
Float glass	Others ⁽¹⁾	452,127	23.69	365,099	23.55	23.84

Note (1): Others include manufacture fees, business tax and surcharge and provision for impairment of inventories.

2. Expenses

For details of changes in the Company's expenses during the Reporting Period, please refer to analysis on changes of relevant items in income statement and cash flow statement.

3. Investment in research and development

Table of investment in research and development

Unit: RMB'000

R&D investments expenses during the Reporting Period	592,889
Capitalised R&D investments during the Reporting Period	0
Total R&D investments	592,889
Total amount of R&D investments as a percentage of the operating revenue (%)	4.37
Number of R&D staff	2,712
Number of R&D staff as a percentage of the total number of staff of the Company (%)	12.42
Percentage of R&D investments capitalization (%)	0

4. Cash flow

For details of cash flow during the Reporting Period, please refer to analysis on changes of relevant items in income statement and cash flow statement.

5. Details of charge on assets

There were no charges on assets in the Company as of the end of the Reporting Period.

Section VI Management Discussion and Analysis

6. Capital expenditure

Capital expenditure of the Company was mainly used for continuous contribution to new projects and the Company's other technical transformation expenditures. During the Reporting Period, RMB3.256 billion in cash was paid for purchase and construction of fixed assets, intangible assets and other long-term assets. In particular, capital expenditure of Fuyao American automotive glass projects amounted to approximately RMB1.325 billion, while capital expenditure of Fuyao American float glass projects amounted to approximately RMB626 million.

7. Borrowings

During the Reporting Period, the newly-added borrowings amounted to approximately RMB7.534 billion, among which, ultra short-term financing bills amounted to RMB50 million; repayment of borrowings amounted to approximately RMB7.236 billion, among which, short-term financing bills amounted to RMB350 million. The Company did not utilize any financial instrument for hedging. As at December 31, 2015, the information on interest-bearing debts are set out as follows:

Unit: 100 million yuan Currency: RMB

Type	Amount
Short-term borrowings with fixed interest rates	26.30
Short-term borrowings with floating interest rates	0.06
Long-term borrowings with fixed interest rates due within one year	2.00
Long-term borrowings with floating interest rates due within one year	6.35
Long-term borrowings with floating interest rates	8.48
Mid-term notes	4.00
Ultra short-term commercial papers	0
Total	<u>47.19</u>

8. Foreign exchange risks and foreign exchange gains or losses

The principal business of the Group is carried out within the PRC and is denominated in RMB. However, foreign exchange risks still exist for the assets and liabilities in foreign currencies and future foreign currency transactions as recognised 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 to mitigate the foreign exchange risks to the largest extent possible; as such, the Group may circumvent foreign exchange risks by ways of signing forward foreign exchange contract or currency swap contract. During the Reporting Period, foreign exchange gain of the Group amounted to RMB466.7343 million as compared with foreign exchange loss of RMB48.6559 million for the corresponding period of last year.

Section VI Management Discussion and Analysis

9. Capital efficiency

Inventory turnover period during the Reporting Period was 108 days, representing an increase of 98 days as compared with the 10 days of the corresponding period of last year, primarily due to the inventory structure (the commencements of operation of Fuyao Tongliao and American Float which result in an increase in inventory of the float glass which requires longer turnover period): among which, the inventory turnover period of automotive glass was 74 days, and 70 days for the same period last year whereas the inventory turnover period of float glass was 119 days, and 119 days for the same period last year.

The turnover period of the trade receivables during the Reporting Period was 85 days, and 81 days for the same period last year. As the sales volume in November and December is relatively higher as compared with the same period last year, the receivables were increased.

During the reporting period, the rate of return on equity interests was 15.86% as compared with 25.18% of the corresponding period of last year. The year-on-year decrease of rate of return was mainly attributable to the fact that the issuance of H shares for funding amounting to approximately RMB6,600 million, but the raised proceeds have not generated revenue during the reporting period.

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

Currency: RMB Unit: '000

	December 31, 2015	December 31, 2014
Total borrowings	4,719,051	4,548,185
Less: Cash and cash equivalents	-5,905,158	-499,072
Net debts	-1,186,107	4,049,113
Total equity	16,429,727	8,817,966
Total capital	15,243,620	12,867,079
Gearing ratios (%)	-7.78%	31.47%

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 less cash and cash equivalents. Total capital was the sum of net debts and total equity.

10. Undertakings

For details, please refer to Note 33 "Commitments" of "Section XI Financial Report".

11. Contingent liabilities

During the Reporting Period, the Company did not have any material contingent liabilities.



Section VI Management Discussion and Analysis

(II) Analysis on assets and liabilities

Assets and Liabilities

Currency: RMB Unit: '000

Items	Closing balance	The percentage of closing balance to the total assets (%)	Opening balance	The percentage of opening balance to the total assets (%)	Change in the opening balance as compared with the closing balance (%)	Explanations
Investments in joint ventures	46,449	0.19	161,045	0.95	-71.16	The decrease of investments in joint ventures was due to the disposal of the equity interests of two joint ventures during the Reporting Period.
Derivative financial instruments – current assets	–	–	3,687	0.02	-100.00	The decrease of derivative financial instruments was mainly due to the revaluation of some of the unsettled forward foreign exchange settlement contracts of the Company and its subsidiaries as unrealised losses.
Restricted cash	13,687	0.06	8,089	0.05	69.21	The change of restricted cash was mainly due to the opening of the letter of credit and performance bonds deposited by way of bills of exchange by the subsidiaries.
Cash and cash equivalents	5,905,158	23.77	499,072	2.95	1,083.23	The increase of cash and cash equivalents was mainly due to proceeds raised through the issuance of H shares during the Reporting Period.

Section VI Management Discussion and Analysis

Currency: RMB Unit: '000

Items	Closing balance	The percentage of closing balance to the total assets (%)	Opening balance	The percentage of opening balance to the total assets (%)	Change in the opening balance as compared with the closing balance (%)	Explanations
Share premium	6,202,553	24.97	184,347	1.09	3,264.61	The increase of share premium was mainly due to the premium of the issuance of H Shares during the Reporting Period.
Non-controlling interests	6,439	0.03	4,320	0.03	49.05	The increase of non-controlling interests was mainly due to the profits of Xupu Fuyao, a non-wholly-owned subsidiary, for the period.
Derivative financial instruments – current liabilities	925	0.00	1,703	0.01	-45.68	The decrease of derivative financial instruments was mainly due to the settlement of certain forward foreign exchange settlement contracts of the Company and its subsidiaries upon maturity.
Assets of disposal groups classified as held-for-sale	9,552	0.04	21,686	0.13	-55.95	The decrease of assets of disposal groups classified as held-for-sale was mainly due to the decrease of current liabilities held-for-sale of Fuyao Shuangliao during the Reporting Period.



Section VI Management Discussion and Analysis

(III) Analysis on industry operating information

In 2015, the world witnessed continuous economic depression, the economic growth of major economies was constantly narrowed, the growth of the domestic macroeconomy slackened, while the overall industry operated steadily. According to the statistics of China Association of Automobile Manufacturers, the production volume of automobiles in the PRC in 2015 amounted to 24.5033 million units, representing a year-on-year increase of 3.25%, which hit a record high in global history, and continued to rank the first globally in seven consecutive years. Details of the analysis are as below:

1. The overall production and sales volume of automobiles grew steadily.

The production and sales volumes of automobiles in the PRC for the year 2015 amounted to 24.5033 million units and 24.5976 million units, respectively, representing a year-on-year increase of 3.25% and 4.68%, and the growth rate slightly decreased by 4.01 percentage points and 2.18 percentage points as compared with the corresponding period of last year.

2. Passenger automobiles exceeded 20 million units for the first time.

The production and sales volume of passenger automobiles in 2015 amounted to 21.0794 million units and 21.1463 million units, representing an increase of 5.78% and 7.30%, respectively as compared with last year, and an increase of 2.53 percentage points and 2.62 percentage points, respectively, as compared with the growth rate of overall production and sales volume of automobiles (such increase represents a decrease of 4.37 percentage points and 2.59 percentage points, respectively, from the growth rate last year). The production and sales volume of passenger automobiles exceeded 20 million units for the first time. This type of automobile has become the pillar product in automobile production in China, which has seen further increase in percentage this year, already accounting for 86% of total volume of automobiles.

In 2015, the sales of passenger automobiles of 1.6 liters or below amounted to 14.5086 million units, representing a year-on-year increase of 10.38%, which exceeded the overall growth of passenger automobiles, accounting for 68.6% of the sales volume of passenger automobiles. The policy of reducing purchase tax by half for passenger automobiles of 1.6 liters or below promoted the growth of the total sales volume of automobiles, and the degree of its contribution to the growth of overall sales volume of automobiles reached 124.6%. It had great guidance effects on energy conservation and emission reduction and promotion of consumption of automobiles with low emission.

3. New energy automobiles grew rapidly

In 2015, the production volume of new energy automobiles amounted to 340,471 units and the sales volume amounted to 331,092 units, representing a year-on-year increase of 3.3 times and 3.4 times, respectively.

Note: The sources of the data above include the information from China Association of Automobile Manufacturers and www.askci.com.

Section VI Management Discussion and Analysis

Analysis on operating information of automobile manufacturing industry

Production and sales volume of components and parts

Unit: million square meters

Classification of components and parts	Sales volume			Production volume		
	Accumulation within the year	Accumulation of the last year	Accumulative year-on-year increase/decrease (%)	Accumulation within the year	Accumulation of the last year	Accumulative year-on-year increase/decrease (%)
Automotive glass	92.01	90.91	1.21	92.98	92.13	0.92

Note: Production volume means the production volume of finished products.

By classification of markets

Unit: million square meters

Classification of components and parts	Sales volume in components market for finished automobiles			Sales volume in after-sales service market		
	Accumulation within the year	Accumulation of the last year	Accumulative year-on-year increase/decrease (%)	Accumulation within the year	Accumulation of the last year	Accumulative year-on-year increase/decrease (%)
Automotive glass	77.51	76.66	1.11	14.50	14.25	1.76

(IV) Material assets and sales of equities

During the Reporting Period, the Company did not sale any material assets and equities.



Section VI Management Discussion and Analysis

(V) Analysis on principal holding 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	53,514.95	193,416.77	111,893.22	168,727.67	46,191.75	43,745.08
Fuyao Glass (Chongqing) Co., Ltd.	Manufacturing enterprise	Production and sale of automotive glass products	USD35 million	89,011.37	63,627.12	144,088.94	27,712.16	32,693.13
Fuyao Group (Shanghai) Automobile Glass Co., Ltd.	Manufacturing enterprise	Production and sale of automotive glass products	USD68.0488 million	207,318.48	111,878.01	221,307.89	54,772.43	49,543.29
Shanghai Fuyao Bus Glass Co., Ltd.	Manufacturing enterprise	Production of special glass and sale of self-produced products	20,000.00	89,201.27	50,303.78	121,142.53	30,734.86	26,364.92
Guangzhou Fuyao Glass Co., Ltd.	Manufacturing enterprise	Production of special glass made of inorganic non-metallic materials and products	USD75 million	192,409.41	92,632.25	177,517.81	37,755.74	32,857.60

Section VII Significant Events

I. PROFIT DISTRIBUTION PLAN FOR ORDINARY SHARES OR PLAN TO CONVERT SURPLUS RESERVES INTO SHARE CAPITAL

(I) Formulation, implementation or adjustments of cash dividend policies

1. Cash dividend policies of the Company:

Dividends were distributed in accordance with cash dividend policies as required under the Articles of Association of the Company.

In 2014, in accordance with the relevant requirements under the Listed Companies Regulatory Guidance No. 3 – Cash Dividends Distribution of Listed Companies (《上市公司監管指引第3號—上市公司現金分紅》) (CSRC Notice [2013] No. 43) issued by the CSRC, the Company amended its cash dividend policies as set forth in the Articles of Association (For details, please refer to www.sse.com.cn).

The profit distribution plan for shareholders for the coming three years (2015–2017) was announced in the announcement published by the Company on February 17, 2015 (For details such as the specific distribution policies, please refer to www.sse.com.cn.).

2. During the Reporting Period, the Company carried out profit distribution for 2014, and on the basis of 2,002,986,332 shares of total outstanding share capital of the Company, cash dividends of RMB7.50 (tax inclusive) for every 10 shares were declared, with total dividends amounting to RMB1,502,239,749. The distribution date of cash dividends was April 15, 2015.

(II) Plan or proposal for profit distribution or for conversion of capital reserve into share capital of the Company for the last three years (including the Reporting Period)

Unit: '000 Currency: RMB

Year	Bonus share for every 10 shares (share)	Dividend for every 10 shares (RMB) (tax inclusive)	Conversion into share capital for every 10 shares (share)	Amount of cash dividends (tax inclusive)	Net profit attributable to shareholders of the Company in the consolidated statements for the dividend year	Percentage of net profit attributable to shareholders of the Company in the consolidated statements (%)
2015	0	7.5	0	1,881,463	2,604,697	72.23
2014	0	7.5	0	1,502,240	2,219,245	67.69
2013	0	5	0	1,001,493	1,917,099	52.24

Section VII Significant Events

II. PERFORMANCE OF UNDERTAKINGS

(I) Undertakings of the Company, shareholders, de facto controller, acquirer, directors, supervisors, senior management or other connected parties during or subsisting to the Reporting Period.

Nature of the undertaking	Type of the undertaking	Undertaking party	Details of the undertaking	Time and term of the undertaking	Whether there is a term for the undertaking	Whether performed timely and strictly
Other undertakings	Dividend distribution	Fuyao Glass Industry Group Co., Ltd.	<p>The dividend distribution plan for the shareholders for the upcoming three years (2015-2017) is as follows: 1. Form of profit distribution: provided that the relevant stipulations and conditions under the relevant laws, regulations, normative documents, the Articles of Association and this plan are complied with and that the continuity and stability of the profit distribution plan is ensured, the Company may distribute dividends by way of cash, shares, the combination of cash and shares or any other distribution methods as permitted under relevant laws and regulations. The profit distribution of the Company shall neither exceed the accumulated distributable profit nor impair the Company's ability to continue as a going concern. Among the profit distribution methods, the Company shall preferentially distribute in the form of cash over shares. Where the Company fulfills the conditions for dividend distribution in the form of cash, the Company shall distribute dividends by way of cash. Where the Company distributes profit in the form of shares, the decision shall be made based on true and reasonable factors such as the growth of the Company and the dilution of net assets per share. 2. Interval of profit distribution: if the Company has generated profit and its accumulated undistributed profit is a positive figure in the year, the Company shall distribute profit at least once a year. The Company may make interim profit distribution by way of cash. In the upcoming three years, the Board of Directors of the Company may propose to the Company an interim dividend distribution in accordance with the profit scale, cash flow, development stage and demand for funds of the Company in the year. 3. Specific conditions for and the minimum proportion of dividend distribution by way of cash: in the event that the Company has no material investment plans or substantial capital expenditure (excluding investment projects for fundraising) and the Company has generated profit and its accumulated undistributed profit is a positive figure in the year, the Company shall distribute dividend in the form of cash and the profit distributed by this way for the year shall not be less than 20% of the distributable profit realized in the year, provided, however, that the sustainable operations and long-term development of the Company are ensured. The Board of Directors shall devise a proposal on the specific proportion of dividend distribution for each year in accordance with the profit of the Company for the year and plans for the utilizing future funds. 4. Specific conditions for dividend distribution by way of shares: provided that good conditions for operations and growth of the Company are ensured and that the Board of Directors considers there is a mismatch between the scale of the Company's share capital and, inter alia, the earnings per share, share price and net assets per share, and under the premise that the Company fulfills the requirements above for cash dividend distribution, the Company may distribute profit by way of shares. In determining the specific amount of profit distribution in the form of shares, the Company shall fully take into account whether the total share capital after the distribution of share dividends is in line with, inter alia, the current operational scale, pace of profit growth and dilution of net assets per share of the Company and consider its impact on future debt financing costs, in a bid to ensure that the profit distribution plan is in line with the overall and long term interests of the shareholders as a whole. 5. Differentiated cash dividend policy: the Board of Directors shall distinguish the following circumstances having taken into account its industry features, development stages, business model and profitability as well as whether it has any substantial capital expenditure arrangements, and propose differentiated cash dividend policies in accordance with the procedures set out in the Articles of Association: (1) Where the Company is in a developed stage with no substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 80% of the total profit distribution during the profit distribution; (2) Where the Company is in a developed stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 40% of the total profit distribution during the profit distribution; (3) Where the Company is in a developing stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 20% of the total profit distribution during the profit distribution; If it is difficult to determine the Company's stage of development while it has significant capital expenditure arrangements, the profit distribution may be dealt with pursuant to the rules applied in the previous distribution. 6. In the event that the Company has realized profit in the previous financial year but the Board of Directors of the Company did not propose any cash dividend distribution plan at the end of the previous financial year, the Company shall seek advice from the independent directors and shall disclose in the periodic reports the reasons for not proposing the cash dividend plan, the use of undistributed funds accumulated in the Company, and the independent directors shall present independent opinions and disclose the same to the public. 7. The formulation and execution of the profit distribution plan: the Board of Directors shall propose a profit distribution plan and submit the same to the general meeting for consideration at the end of each financial year. The Company accepts the advice and supervision of all shareholders, independent directors and supervisors on the Company's profit distribution plan. After the decision for the profit distribution plan has been reached at the general meeting of the Company, the Board of Directors of the Company shall complete the distribution of dividends (or shares) within 2 months of the convening of the general meeting.</p>	Date of announcement of the undertaking: March 12, 2015, term of performance of the undertaking: January 1, 2015 to December 31, 2017	Yes	Yes

Section VII Significant Events

III. THE APPOINTMENT AND DISMISSAL OF ACCOUNTANTS

Unit: '0,000 Currency: RMB

Current appointment

Name of the domestic accounting firm	PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership)	
Remuneration of the domestic accounting firm		285
Term of audit of the domestic accounting firm		14
Name of the overseas accounting firm	PricewaterhouseCoopers	
Remuneration of the overseas accounting firm		110
Term of audit of the overseas accounting firm		1

	Name	Remuneration
Accounting firm for internal control audit	PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership)	70
Compliance adviser	Shenwan Hongyuan Capital (H.K.) Limited – the compliance adviser engaged in accordance with the requirements of the Hong Kong Listing Rules	HKD600,000

Explanation for changes in the appointment of accounting firm during the audit period:

In the past three years (including the Reporting Period), the Company has not changed or dismissed its accounting firms.

IV. MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Group was not involved in any material legal proceedings or arbitrations. To the best knowledge of the directors of the Company, there are no material legal proceedings or claims pending or threatened against the Group.

V. SUBSTANTIAL CONNECTED TRANSACTIONS

(I) Non-exempt continuing connected transactions (disclosed in accordance with the requirements of the Hong Kong Listing Rules)

- On August 22, 2015, the Company entered into Supply of Goods Framework Agreement with Fujian Triplex Machinery Technology Co., Ltd. and Fujian Triplex Auto Parts Development Co., Ltd. for the purchase of some production facilities and raw and auxiliary production materials, for a term from September 1, 2015 to December 31, 2016. Fujian Triplex Machinery Technology Co., Ltd. and Fujian Triplex Auto Parts Development Co., Ltd. are both controlled by Mr. Tso Fai, a non-executive director of the Company, and are associates of Mr. Tso Fai. In accordance with the rules under the Chapter 14A of the Hong Kong Listing Rules, Fujian Triplex Machinery Technology Co., Ltd. and Fujian Triplex Auto Parts Development Co., Ltd. are both connected persons of the Company, and their transactions with the Company constituted continuing connected transactions of the Company.



Section VII Significant Events

The aim of entering into the Supply of Goods Framework Agreements by the Company and Fujian Triplex Machinery Technology Co., Ltd. and Fujian Triplex Auto Parts Development Co., Ltd., and conducting relevant continuing connected transactions is to meet the Company's normal operation and production needs and to fully utilize the synergies between the Company and the connected persons, which is beneficial for the sound and sustainable development of the Company. The supply price was negotiated and determined with regard to the fair, impartial, open and reasonable principles and with reference with market price. The Group will make reference to contemporaneous transactions with independent third parties for similar transaction subjects and numbers to determine if the price and transaction terms offered by Fujian Triplex Machinery Technology Co., Ltd. and Fujian Triplex Auto Parts Development Co., Ltd are fair and reasonable and not less favorable than those of the transactions between the Group and independent third parties. For details of the terms and conditions, please refer to the announcement titled Continuing Connected Transactions under the Supply of Goods Framework Agreements and the Distribution Agreements disclosed on August 23, 2015 by the Company on the Hong Kong Stock Exchange and the website of the SSE.

For the year ended December 31, 2015, the approved annual caps and the amounts of transactions incurred in relation to non-exempt continuing connected transactions under the framework agreements between the Company and Fujian Triplex Machinery Technology Co., Ltd. and Fujian Triplex Auto Parts Development Co., Ltd. and/or their associates for the above service are set out as below:

Nature of the transaction	Annual caps on transactions in 2015	Consolidated amount of transactions in 2015
Expenses of the Company arising from purchasing facilities supplied by Fujian Triplex Machinery Technology Co., Ltd. and/or its associates under Supply of Goods Framework Agreement	RMB35 million	RMB13.1987 million
Expenses of the Company arising from purchasing raw and auxiliary materials supplied by Fujian Triplex Auto Parts Development Co., Ltd. and/or its associates under Supply of Goods Framework Agreement	RMB30 million	0
Total	RMB65 million	RMB13.1987 million

Note: The above annual caps were determined in accordance with purchase and sales plans of the Company and market fair price of the relevant products to be purchased.

- On August 22, 2015, the fifth meeting of the eighth session of the Board of Directors of the Company considered and approved the election of Mr. Zuo Min as the president of the Company. Prior to such appointment, the Company had entered into automotive glass maintenance market distribution agreements with Hubei Jierui Automobile Glass Co., Ltd. and Hunan Jierui Automobile Glass Co., Ltd. respectively, to grant distribution rights to such companies for the distribution of products of the Company in Hubei Province and Hunan Province and to supply products to such companies, with a term from January 1, 2015 to December 31, 2015. Hubei Jierui and Hunan Jierui are both under the control of Mr. Zuo Min, and are associates of Mr. Zuo Min. In accordance with the requirements under Chapter 14 of the Hong Kong Listing Rules, Hubei Jierui Automobile Glass Co., Ltd. and Hunan Jierui Automobile Glass Co., Ltd. are connected persons of the Company. Therefore, after Hubei Jierui Automobile Glass Co., Ltd. and Hunan Jierui Automobile Glass Co., Ltd. became connected persons of the Company, the ongoing continuing transactions between them and the Company constitute continuing connected transactions of the Company.

Section VII Significant Events

The Company sells automotive glass accessory products in the automotive glass maintenance markets across the country through authorized distributors. Hubei Jierui Automobile Glass Co., Ltd. and Hunan Jierui Automobile Glass Co., Ltd. are two of the authorized distributors which have a long-term relationship of cooperation with the Company. The continuing connected transactions between such companies and the Company are entered into in the ordinary and usual course of business of the Company. The aim of conducting such transactions is to meet the needs of the Company on products sales, and to fully utilize the synergies between the Company and the parties, which is beneficial for the Company's increase of its market share and its sound and sustainable development. The Company shall give uniform prices to the authorized distributors in different regions all over the country. The products provided by the Company to such distributors shall be settled with an invoice in the price uniformly determined in the internal order system of the Company. The distributors shall sell the products pursuant to their respective operation cost plus necessary expenses. Vicious price cuts are prohibited to prevent disrupting the regular order of the market. For details of the terms and conditions, please refer to the announcement titled Continuing Connected Transactions under the Supply of Goods Framework Agreements and the Distribution Agreements disclosed on August 23, 2015 by the Company on the Hong Kong Stock Exchange and the website of the SSE.

For the year ended December 31, 2015, the approved annual caps and the amounts of transaction incurred in relation to the non-exempt continuing connected transactions under the framework agreements between the Company and Hubei Jierui Automobile Glass Co., Ltd. and Hunan Jierui Automobile Glass Co., Ltd. and/or their associates for the above service are set out as below:

Nature of the transaction	Annual caps on transactions in 2015	Consolidated amount of transactions in 2015
Revenue of the Company from products sold by Hubei Jierui Automobile Glass Co., Ltd. and/or its associates, under the Distribution Agreement	RMB14 million	RMB14.6689 million
Revenue of the Company from products sold by Hunan Jierui Automobile Glass Co., Ltd. and/or its associates, under the Distribution Agreement	RMB3.5 million	RMB1.8059 million
Total	RMB17.5 million	RMB16.4748 million

Note: The annual caps above were determined in accordance with historical sales amounts and sales plans between the Company and Hubei Jierui Automobile Glass Co., Ltd. and Hunan Jierui Automobile Glass Co., Ltd..

Pursuant to the Distribution Agreement with Hubei Jierui Automobile Glass Co., Ltd., Hubei Jierui Automobile Glass Co., Ltd. shall submit the bulk order of the following month to the Company via the order management system of the Company on the 20th day of each month, while small orders may be placed in the current month. The Company will calculate the accumulated transaction amount based on the management accounts for each month and estimate the balance of the annual cap. The management accounts for each month will be available in the following month. As of the end of November 2015, the accumulative order amount of Hubei Jierui Automobile Glass Co., Ltd. did not exceed the annual cap for 2015. Meanwhile, it was estimated that the accumulated transaction amount for December 2015 could be limited within the annual cap for 2015. However, as the market demand in December 2015 for the products distributed by Hubei Jierui Automobile Glass Co., Ltd. in its authorized distribution region exceeded the expectation of the Company, the Company supplied more products to satisfy such demand. Therefore, the annual transaction amount under such Distribution Agreement slightly exceeded the annual cap for 2015.

Section VII Significant Events

3. Given that the previous lease contract expired on December 31, 2015, the Company entered into a new lease contract with Fujian Yaohua Industrial Village Development Co., Ltd. on October 26, 2015 to continue the lease of properties from Fujian Yaohua Industrial Village Development Co., Ltd. for the three years ending December 31, 2018. Fujian Yaohua Industrial Village Development Co., Ltd. is indirectly wholly owned by Mr. Cho Tak Wong, the chairman of the Company, and his spouse, Ms. Chan Fung Ying, who is an associate of Mr. Cho Tak Wong and Mr. Tso Fai, the son of Mr. Cho Tak Wong and a non-executive director of the Company. Fujian Yaohua Industrial Village Development Co., Ltd. is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules, and the transactions between Fujian Yaohua Industrial Village Development Co., Ltd. and the Company constitutes continuing connected transactions of the Company.

The leased properties of the Company from Fujian Yaohua Industrial Village Development Co., Ltd. are adjacent to the principal place of business and the production base of the Company in the PRC. Entering into the new lease contract between the Company and Fujian Yaohua Industrial Village Development Co., Ltd. and the carrying out of the continuing connected transactions contemplated thereunder are for the establishment of stable ancillary facilities of the Company and in favor of the expansion of the Company's manufacturing scale, the liquidity of the Company's assets, saving more fund for the Company to develop its main businesses and enhancing the core competitiveness of the Company.

Principal terms of the new lease contract entered into between the Company and Fujian Yaohua Industrial Village Development Co., Ltd. mainly include: (1) The Company will lease the warehouse on underground floor 1, the staff cafeteria and club and staff dormitory of Districts I and II of and the standard manufacturing plant of District I of Fuyao Industrial Zone located at Honglu Town, Fuqing, Fujian Province with a total leasing area of 138,281.86 square meters from Fujian Yaohua Industrial Village Development Co., Ltd., of which, 127,629.86 square meters will be used as staff dormitory and for the ancillary logistics services, and 10,652 square meters will be used as warehouse for finished goods and raw materials of the Company. (2) The annual rent shall be settled in two installments, which consist of the rent for the first half of the year payable on the 15th of January for each calendar year and the rent for the second half of the year payable on the 15th of July for each calendar year, respectively. For details of the terms and conditions, please refer to the announcement titled "Renewal of the Continuing Connected Transaction under the Lease Contract" disclosed on October 26, 2015 by the Company on the Hong Kong Stock Exchange and the website of the SSE.

For the year ended December 31, 2015, the approved annual caps and the amounts of transaction incurred in relation to the non-exempt continuing connected transactions contemplated under the above contract between the Company and Fujian Yaohua Industrial Village Development Co., Ltd. and/or its associates are set out as below:

Nature of the transaction	Annual caps on transactions in 2015	Consolidated amount of transactions in 2015
Expenses of the Company arising from leasing the properties of Fujian Yaohua Industrial Village Development Co., Ltd. and/or its associates under the lease contract	Approximately RMB17.5 million	RMB17.3011 million
Total	Approximately RMB17.5 million	RMB17.3011 million

Note: The relevant annual caps are determined after taking into account the following factors: (i) the historical transaction amounts; (ii) the prevailing market price of the comparable properties in the place where the leased properties are located; and (iii) the increased leasing area due to the needs of the Company's business expansion.

Section VII Significant Events

The independent non-executive directors of the Company have reviewed the above connected transactions and confirmed that the above connected transactions were:

1. entered into in the ordinary course of business of the Company;
2. on normal commercial terms or, if the comparable transactions are not sufficient for determining whether the terms of such transactions are on normal commercial terms and on terms no less favorable to the Group than the terms available to or from independent third parties (as the case maybe); and
3. conducted in accordance with the terms of the agreements for relevant transactions and the terms of the transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Board of Directors of the Company has received a confirmation letter in relation to above continuous connected transactions from PricewaterhouseCoopers, confirming with respect to the above continuous connected transactions as at December 31, 2015 that:

1. nothing has come to the auditors' attention that causes the auditors to believe that the transactions have not been approved by the Board of Directors of the Company;
2. as for the transactions that involve the provision of goods or service by the Group, nothing has to come to the auditors' attention that causes the auditors to believe that the transactions were not conducted, in all material respects, in accordance with the pricing policies of the Group;
3. nothing has come to the auditors' attention that causes the auditors to believe that the transactions were not conducted, in all material respects, in accordance with the relevant agreements; and
4. in respect of the total amount of the above continuing connected transactions, the approved annual cap of sales of the Group to Hubei Jierui Automotive Glass Co., Ltd. was RMB14,000,000, while the actual sales to Hubei Jierui Automotive Glass Co., Ltd. were approximately RMB14,669,000, exceeding approximately RMB669,000; save for the above, nothing has come to the auditors' attention that causes the auditors to believe that the amounts of the transactions exceeded the annual caps set forth by the Company.



Section VII Significant Events

(II) Connected transactions in relation to ordinary business operations (disclosed in accordance with the requirements of the SSE)

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

Description of the matter

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 tenth meeting of the seventh session of the Board of Directors of the Company convened on November 19, 2012. The Company has leased the warehouse on underground floor I, staff cafeteria and club and staff dormitory of Districts I and II of and the standard plant of District I of Fuyao Industrial Zone located at Hong Lu Zhen, Fuqing, Fujian Province with a total area of 131,517.36 square meters from Fujian Yaohua Industrial Village Development Co., Ltd. at a monthly rent of RMB1,441,760.96, totaling an annual rent of RMB17,301,131.52. The term of the lease is three years from January 1, 2013 to December 31, 2015.

Given that the Previous Lease Contract expired on December 31, 2015, 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 sixth meeting of the eighth session of the Board of Directors of the Company convened on October 26, 2015. The Company leased the warehouse on underground floor 1, the staff cafeteria and club and staff dormitory of Districts I and II of and the standard manufacturing plant of District I of Fuyao Industrial Zone located at Honglu Town, Fuqing, Fujian Province with a total leasing area of 138,281.86 square meters from Yaohua Industrial Village, totaling a monthly rent of RMB1,797,664.18, and an annual rent of RMB21,571,970.16. The term of the lease is three years from January 1, 2016 to December 31, 2018

The Resolution in relation to the Projected Continuing Connected Transactions between the Company and Tri-Wall Packaging (Fuzhou) Co., Ltd. for the Year 2015, the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Hubei Jierui Automobile Glass Co., Ltd. for the Year 2015 and the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Hunan Jierui Automobile Glass Co., Ltd. for the Year 2015 were considered and approved at the third meeting of the eighth session of the Board of Directors of the Company convened on February 15, 2015.

Inquiry index

For details of Announcement of Fuyao Glass Industry Group Co., Ltd. on Connected Transaction in relation to the Lease of Properties, please refer to the publications dated November 20, 2012 in Shanghai Securities News, China Securities Journal, Securities Times and on the website of SSE (<http://www.sse.com.cn>).

For details of Announcement of Fuyao Glass Industry Group Co., Ltd. on Connected Transaction in relation to the Lease of Properties, please refer to the publications dated October 27, 2015 in Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily and on the website of SSE (<http://www.sse.com.cn>) and the website of Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

For the details of the Announcement on the Continuing Connected Transactions of Fuyao Glass Industry Group Co., Ltd., please refer to the publications dated February 17, 2015 in Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily and on the website of SSE (<http://www.sse.com.cn>).

Section VII Significant Events

Description of the matter

The Resolution in relation to the Projected Continuing Connected Transactions between the Company and Fujian Triplex Machinery Technology Co., Ltd. in the Second Half of 2015 and 2016, and the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Fujian Triplex Auto Parts Development Co., Ltd. in the Second Half of 2015 and 2016, were considered and approved at the fifth meeting of the eighth session of the Board of Directors of the Company convened on August 22, 2015.

Inquiry index

For the details of the Announcement on the Continuing Connected Transactions of Fuyao Glass Industry Group Co., Ltd., please refer to the publications dated August 24, 2015 in Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily, and on the website of SSE (<http://www.sse.com.cn>) and the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

II. Matters that have been disclosed in temporary announcements and have developments or changes in subsequent implementation

- (1) The Resolution in relation to the Projected Continuing Connected Transactions between the Company and Fujian Fuyao Automobile Parts Co., Ltd. for the Year 2015, the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Ningbo Fuyao Automobile Parts Co., Ltd. for the Year 2015, and the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Chongqing Fuyao Automobile Parts Co., Ltd. for the Year 2015 were considered and approved at the third meeting of the eighth session of the Board of Directors of the Company convened on February 15, 2015. For the details of the Announcement on the Continuing Connected Transactions of Fuyao Glass Industry Group Co., Ltd., please refer to the publications dated February 17, 2015 in Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily and on the website of SSE (<http://www.sse.com.cn>). The purpose of the Company in entering into such continuing connected transactions with Fujian Fuyao Automobile Parts Co., Ltd., Ningbo Fuyao Automobile Parts Co., Ltd. and Chongqing Fuyao Automobile Parts Co., Ltd., all of whom do not have controlling relationships with the Company, is to satisfy the needs for ordinary and usual production and business operations and fully effect the synergies between the Company and the connected parties, which in turn allows the Company to grow in a sound and sustainable manner. The Company and the connected parties have negotiated and determined the transaction prices under the principles of fairness, openness, justice and reasonableness. The transaction prices have been determined with reference to the market price or using the sum of the costs and a reasonable amount of profit. The contracts for the transactions have specified the rights and obligations of each party and there are not any circumstances where the interests of shareholders of the Company, minority shareholders in particular, will be jeopardized, nor will such transactions adversely affect the Company's ability to continue as a going concern and its independence. The Company will not become dependent on or controlled by the connected parties by entering into such transactions.
- (2) As part of the efforts to integrate the resources of the parties to the joint venture for the year 2015, the Company and Fuyao (Hong Kong) Limited, its wholly-owned subsidiary, entered into an equity transfer agreement with Ningbo Hongxie Clutch Co., Ltd. (寧波宏協離合器有限公司) and Hongxie (Hong Kong) Limited (宏協(香港)企業有限公司) on June 3, 2015. Pursuant to the agreement, the Company transferred its 24% equity interests in Fujian Fuyao Automobile Parts Co., Ltd. to Ningbo Hongxie Clutch Co., Ltd., while Fuyao (Hong Kong) Limited transferred its 25% equity interests in Fujian Fuyao Automobile Parts Co., Ltd. to Hongxie (Hong Kong) Limited.
- (3) As part of the efforts to integrate the resources of the parties to the joint-venture for the year 2015, the Company entered into an equity transfer agreement with Ningbo Hongxie Clutch Co., Ltd. (寧波宏協離合器有限公司) on April 24, 2015. Pursuant to the agreement, the Company transferred its 49% equity interests in Ningbo Fuyao Automobile Parts Co., Ltd. to Ningbo Hongxie Clutch Co., Ltd.

Section VII Significant Events

- (4) In July 2015, Fujian Fuyao Automobile Parts Co., Ltd., Ningbo Fuyao Automobile Parts Co., Ltd. and Chongqing Fuyao Automobile Parts Co., Ltd. (of which 100% equity interests were held by Fujian Fuyao Automobile Parts Co., Ltd.) completed the business registration procedures of the above equity transfer, and finished the formalities for the registration of changing names of companies in the meantime. Fujian Fuyao Automobile Parts Co., Ltd. was converted into Fujian Hongxiacheng Automotive Parts Co., Ltd. (福建宏協承汽車部件有限公司), Ningbo Fuyao Automobile Parts Co., Ltd. was converted into Ningbo Hongxiacheng Automotive Parts Co., Ltd.(寧波宏協承汽車部件有限公司), and Chongqing Fuyao Automobile Parts Co., Ltd. was converted into Chongqing Hongxiacheng Automotive Parts Co., Ltd.(重慶宏協承汽車部件有限公司).

Connected transactions in relation to the daily operations in 2015 are below:

Unit: 0'000 Yuan Currency: RMB

Connected party	Connected relationship	Type of the connected transaction	Details of the connected transaction	Pricing principle of the connected transaction	Estimated amounts in 2015	Actual amounts in 2015	Settlement method of the connected transaction
Tri-Wall Packaging (Fuzhou) Co., Ltd.	Joint venture	Purchase of goods and equipment	Procurement of raw materials	Cost-plus price	14,200.00	12,577.14	30 days upon the invoice date
Fujian Hongxiacheng Automotive Parts Co., Ltd	Joint venture	Purchasing goods and equipment	Procurement of raw materials	Cost-plus price	8,300.00	6,589.28	60 days and 70 days upon the invoice date
Ningbo Hongxiacheng Automotive Parts Co., Ltd.	Joint venture	Purchase of goods and equipment	Procurement of raw materials	Cost-plus price	12,500.00	11,377.55	60 days upon the invoice date
Chongqing Hongxiacheng Automotive Parts Co., Ltd.	Others	Purchase of goods and equipment	Procurement of raw materials	Cost-plus price	3,500.00	2,327.65	60 days upon the invoice date
Fujian Triplex Auto Parts Development Co., Ltd.	Others	Purchase of goods and equipment	Procurement of raw materials	Market price	3,000.00	0.00	60 days upon the invoice date
Fujian Hongxiacheng Automotive Parts Co., Ltd.	Joint venture	Purchase of goods and equipment	Procurement of finished goods	Cost-plus price	3,600.00	2,216.96	30 days and 60 days upon the invoice date
Fujian Triplex Machinery Technology Co., Ltd.	Others	Purchase of goods and equipment	Purchase of equipment	Market price	3,500.00	1,319.87	25% prepayment of the total amounts upon the signing of the contract
Fujian Hongxiacheng Automotive Parts Co., Ltd.	Joint venture	Sale of goods	Sale of finished goods and raw and auxiliary materials	Cost-plus price	1,320.00	1,374.53	30 days and 60 days upon the invoice date
Hunan Jierui Automobile Glass Co., Ltd.	Others	Sale of goods	Sale of finished goods and raw and auxiliary materials	Market price	370.00	180.59	Payment for the previous month by the 20th day of each month

Section VII Significant Events

Connected party	Connected relationship	Type of the connected transaction	Details of the connected transaction	Pricing principle of the connected transaction	Estimated amounts in 2015	Actual amounts in 2015	Settlement method of the connected transaction
Ningbo Hongxiecheng Automotive Parts Co., Ltd	Joint venture	Sale of goods	Sale of finished goods and raw and auxiliary materials	Cost-plus price	15.00	12.38	30 days upon the invoice date
Hubei Jierui Automobile Glass Co., Ltd.	Others	Sale of goods	Sale of finished goods and raw and auxiliary materials	Market price	1,405.00	1,466.89	Payment for the previous month by the 20th day of each month
Tri-Wall Packaging (Fuzhou) Co., Ltd.	Joint venture	Sale of goods	Sale of raw and auxiliary materials	Cost-plus price	25.00	15.80	60 days upon the invoice date
Tri-Wall Packaging (Fuzhou) Co., Ltd.	Joint venture	Water, electricity, gas and other utility expenses (sale)	Sale of water and electricity	Agreed price	120.00	120.26	30 days upon the invoice date
Fujian Hongxiecheng Automotive Parts Co., Ltd.	Joint venture	Water, electricity, gas and other utility expenses (sale)	Sale of water and electricity	Agreed price	100.00	73.44	30 days upon the invoice date
Fujian Hongxiecheng Automotive Parts Co., Ltd.	Joint venture	Other inflows	Revenue from property leasing	Market price	613.95	613.47	30 days upon the invoice date
Tri-Wall Packaging (Fuzhou) Co., Ltd.	Joint venture	Other inflows	Revenue from property leasing	Market price	6.62	6.62	30 days upon the invoice date
Tri-Wall Packaging (Fuzhou) Co., Ltd.	Joint venture	Other inflows	Revenue from management consultation	Agreed price	300.00	232.03	30 days upon the invoice date
Total					52,875.57	40,504.46	



Section VII Significant Events

3. Matters not disclosed in temporary announcements

Unit: 0'000 Yuan Currency: RMB

Connected party	Connected relationship	Type of the connected transaction	Details of the connected transaction	Pricing principle of the connected transaction	Amount of the connected transaction	Settlement method of the connected transaction
Chongqing Hongxiacheng Automotive Parts Co., Ltd.	Others	Water, electricity, gas and other utility expenses (sale)	Sale of water, electricity and gas	Agreement price	12.28	30 days upon the invoice date
Chongqing Hongxiacheng Automotive Parts Co., Ltd.	Others	Other inflows	Revenue from property leasing	Market price	2.86	30 days upon the invoice date
Fujian Triplex Auto Parts Development Co., Ltd.	Others	Water, electricity, gas and other utility expenses (sale)	Sale of water and electricity	Agreement price	0.09	30 days upon the invoice date
Fujian Triplex Auto Parts Development Co., Ltd.	Others	Sale of goods	Sale of raw and auxiliary materials	Cost-plus price	15.81	30 days upon the invoice date
Fujian Triplex Machinery Technology Co., Ltd.	Others	Sale of goods	Sale of raw and auxiliary materials	Cost-plus price	0.15	30 days upon the invoice date
Total					31.19	

Explanations for connected transactions

1. Fuyao Glass (Chongqing) Co., Ltd, of which 100% equity interests are directly and indirectly held by the Company, leased its plant (with a floor area of 1,909 square meters) to Chongqing Hongxiacheng Automotive Parts Co., Ltd at a monthly rent of RMB28, 635 for a term of one month from January 1, 2015 to January 31, 2015. Due to the amounts of actual property leasing transaction and water and electricity utility fees were not significant, according to relevant requirements of the Listing Rules of SSE and the Articles of the Association of the Company, this connected transaction needs not be submitted to the Board of Directors of the Company for consideration.
2. Since the amounts of the transaction between the Company and Fujian Triplex Auto Parts Development Co., Ltd. for selling raw and auxiliary materials and water and electricity and the transaction between the Company and Fujian Triplex Machinery Technology Co., Ltd. for selling raw and auxiliary materials were not significant, according to relevant requirements of the Listing Rules of SSE and the Articles of the Association of the Company, the connected transactions need not be submitted to the Board of Directors of the Company for consideration.

Section VII Significant Events

(III) Connected transaction arising from the acquisition and disposal of assets or equity interests

For the details of the connected transaction arising from the disposal of equity interests of the Company during the Reporting Period, please refer to “Matters that have been disclosed in temporary announcements and have developments or changes in subsequent implementation” under “XI. Substantial Connected Transactions” in this Section.

VI. MATERIAL CONTRACTS AND THE IMPLEMENTATION THEREOF

(I) Leasing

Unit: Yuan Currency: RMB

Name of the leaser	Name of the lessee	Details of the leased assets	Starting date of the lease	End date of the lease	Gains from the lease	Basis for determining the gains from the lease	Impact of the gains from the lease on the Company	Whether the lease constitutes a connected transaction	Nature of the connected relationship
Fujian Yaohua Industrial Village Development Co., Ltd.	Fuyao Glass Industry Group Co., Ltd.	The warehouse on underground floor I, staff cafeteria and club and staff dormitory of Districts I and II of and the standard plant of District I of Fuyao Industrial Zone located at Hong Lu Town, Fuqing, Fujian Province with a total area of 131,517.36 square meters	January 1, 2013	December 31, 2015	17,301,131.52	With reference to the market price		Yes	Others
Fuyao Glass Industry Group Co., Ltd.	Fujian Fuyao Automobile Parts Co., Ltd.	The plant of District II of Fuyao Industrial Zone located at Hong Lu Zhen, Fuqing with an area of 18,804 square meters	November 1, 2014	December 31, 2015	3,948,840	With reference to the market price	The Company received the rent of RMB3,948,840 during the Reporting Period	Yes	Joint venture
Fuyao Glass Industry Group Co., Ltd.	Fujian Fuyao Automobile Parts Co., Ltd.	The plant in the float glass industrial division of District II of Fuyao Industrial Zone located at Hong Lu Zhen, Fuqing with an area of 11,524.32 square meters	January 1, 2015	December 31, 2015	2,074,377	With reference to the market price	The Company received the rent of RMB2,074,377 during the Reporting Period	Yes	Joint venture
Fuyao Glass (Chongqing) Co., Ltd.	Chongqing Fuyao Automobile Parts Co., Ltd.	The plant located in New North Zone, Chongqing with an area of 1,909 square meters	January 1, 2015	January 31, 2015	28,635	With reference to the market price	The Company received the rent of RMB28,365 during the Reporting Period	Yes	Joint venture
Zhengzhou Fuyao Glass Co., Ltd.	Fujian Fuyao Automobile Parts Co., Ltd.	The plant located in Guan Cheng District, Zhengzhou with an area of 619.2 square meters	January 1, 2015	December 31, 2015	111,456	With reference to the market price	The Company received the rent of RMB111,456 during the Reporting Period	Yes	Joint venture
Fuyao Group Changchun Co., Ltd	Tri-Wall Packaging (Fuzhou) Co., Ltd.	The auxiliary plant located in Pudong Road No. 4499, Changchun with an area of 368 square meters	January 1, 2015	December 31, 2015	66,240	With reference to the market price	The Company received the rent of RMB66,240 during the Reporting Period	Yes	Joint venture

Section VII Significant Events

Details of the leases:

1. The Company has leased the warehouse on Underground Floor I, staff cafeteria and club and staff dormitory of Districts I and II of and the standard plant of District I of Fuyao Industrial Zone located at Hong Lu Town, Fuqing, Fujian Province with a total area of 131,517.36 square meters from Fujian Yaohua Industrial Village Development Co., Ltd. for a monthly rent of RMB1,441,760.96, totaling an annual rent of RMB17,301,131.52. The term of the lease is three years from January 1, 2013 to December 31, 2015.

The Company has leased its two plants (with an area of 18,804 square meters and 11,524.32 square meters respectively) located at Hong Lu Town, Fuqing, Fujian Province to Fujian Fuyao Automobile Parts Co., Ltd. (the name of which has been changed to Fujian Hongxiecheng Automotive Parts Co., Ltd., same as below) for a monthly rent of RMB282,060 and RMB172,865 respectively at a rate of RMB15/square meter. The term of the lease is from November 1, 2014 to December 31, 2015 and from January 1, 2015 to December 31, 2015 respectively. Gains from these leases for the year amounted to RMB3,948,840 and RMB2,074,377 respectively.

Chongqing Fuyao Automobile Parts Co., Ltd. (the name of which has been changed to Chongqing Hongxiecheng Automotive Parts Co., Ltd., same as below) is a wholly-owned subsidiary of Fujian Hongxie Automotive Parts Co., Ltd., a joint venture of the Company. Fuyao Glass (Chongqing) Co., Ltd, a subsidiary with 100% equity interests of which are held directly and indirectly by the Company, leased its plant (with a lease area of 1,909 square meters) located in New North Zone, Chongqing to Chongqing Hongxiecheng Automotive Parts Co., Ltd. as a warehouse with a term of one month from January 1, 2015 to January 31, 2015 for a monthly rent of RMB28,635 at a rate of RMB15/square meter.

Zhengzhou Fuyao Glass Co., Ltd., a subsidiary with 100% equity interests of which are held directly and indirectly by the Company, has leased one of its plants (with an area of 619.2 square meters) to Fujian Hongxiecheng Automotive Parts Co., Ltd. for a monthly rate of RMB9,288, totalling an annual rent of RMB111,456. The term of the lease is one year from January 1, 2015 to December 31, 2015.

Fuyao Group Changchun Co., Ltd., a subsidiary with 100% equity interests of which are held directly and indirectly by the Company, has leased one of its plants (with an area of 368 square meters) to Tri-Wall Packaging (Fuzhou) Co., Ltd. for a monthly rate of RMB5,520, totalling an annual rent of RMB66,240. The term of the lease is one year from January 1, 2015 to December 31, 2015.

Section VII Significant Events

(II) Guarantee

Unit: 0'000 Yuan Currency: RMB

External guarantees of the Company (excluding guarantees to subsidiaries)

Total amount of the guarantees during the Reporting Period (excluding guarantees to subsidiaries) 0

Balance of the total amount of the guarantees at the end of the Reporting Period (A) (excluding guarantees to subsidiaries) 0

Guarantees of the Company and its subsidiaries to subsidiaries

Total amount of the guarantees to subsidiaries during the Reporting Period 76,840

Balance of the total amount of the guarantees to subsidiaries at the end of the Reporting Period (B) 96,840

Total amount of guarantees of the Company (including guarantees to subsidiaries)

Total amount of guarantees (A+B) 96,840

Total amount of guarantees as a percentage of the total equity interests of the Company (%) 5.89

Including:

The amount of guarantees offered to the shareholders, de facto controller and connected parties (C) 0

The amount of debt guarantees directly or indirectly offered to the guaranteed with a gearing ratio of over 70% (D) 0

The amount of guarantees in excess of 50% of net assets (E) 0

The sum of the three items above (C+D+E) 0

VII. DETAILS OF OTHER SIGNIFICANT MATTERS

- Upon the approval from the Hong Kong Stock Exchange, 439,679,600 overseas-listed foreign shares (H shares) of the Company were listed for trading on the Main Board of the Hong Kong Stock Exchange on March 31, 2015. The final issue price of the H shares was HK\$16.80 per share (exclusive of 1% brokerage fees, 0.0027% HKSCF transaction levies and 0.005% Hong Kong Stock Exchange trading fee). The stock name of the H shares is “福耀玻璃” (in Chinese) and “FUYAO GLASS” (in English) and the stock code is “3606”.
- Upon the approval from the Hong Kong Stock Exchange, 65,951,600 overseas-listed foreign shares (H shares) through the over-allotment by the Company were listed for trading on the Main Board of the Hong Kong Stock Exchange on April 28, 2015. The above 65,951,600 H shares were issued and allotted by the Company at a price of HK\$16.80 per H share (exclusive of 1% brokerage fees, 0.0027% HKSCF transaction levies and 0.005% Hong Kong Stock Exchange trading fee), the same price as the offer price per H share under the global offering.
- Prior to and upon exercising the over-allotment option, changes to the shares of the Company are as follows:

Class of shares	Prior to exercise of the over-allotment option		Changes (share)	Upon exercise of the over-allotment option	
	Number of shares held (share)	Proportion of shareholding		Number of shares held (share)	Proportion of shareholding
Domestic-listed domestic shares (A share)	2,002,986,332	82.00%	0	2,002,986,332	79.84%
Overseas-listed foreign shares (H Share)	439,679,600	18.00%	+65,951,600	505,631,200	20.16%
Total shares	2,442,665,932	100.00%	+65,951,600	2,508,617,532	100.00%

VIII. ACTIVELY ASSUMING SOCIAL RESPONSIBILITY

(I) Social responsibility

The Company's 2015 Social Responsibility Report was disclosed at the websites of SSE (<http://www.sse.com.cn>) and the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

Section VIII Changes in Ordinary Shares and Information of Shareholders

I. CHANGES IN ORDINARY SHARE CAPITAL

(I) Table of Changes in Ordinary Shares

1. Table of Changes in Ordinary Shares

Unit: Share

	Before change		Issue of new shares	Bonus issue	Change (+/-) Share converted from public reserve	Others	Sub-total	After change	
	Number	Percentage (%)						Number	Percentage (%)
I. Share subject to selling restrictions									
1. State-owned shares									
2. State-owned legal person shares									
3. Other domestic shares									
Including: Shares held by non-state-owned legal persons									
Shares held by domestic natural persons									
4. Foreign invested shares									
Including: Shares held by overseas legal persons									
Shares held by overseas natural persons									
II. Tradable shares not subject to selling restrictions	2,002,986,332	100	505,631,200				505,631,200	2,508,617,532	100
1. Ordinary shares denominated in RMB	2,002,986,332	100						2,002,986,332	79.84
2. Domestically listed foreign invested shares									
3. Overseas listed foreign invested shares				505,631,200			505,631,200	505,631,200	20.16
4. Others									
III. Total number of ordinary shares	2,002,986,332	100	505,631,200				505,631,200	2,508,617,532	100

Section VIII Changes in Ordinary Shares and Information of Shareholders

2. Explanation on changes in ordinary shares

On March 31, 2015, as approved by the Hong Kong Stock Exchange, the Company issued 439,679,600 overseas listed foreign shares (H shares) which were listed for trading on the Main Board of the Hong Kong Stock Exchange. The stock abbreviations of H share are “福耀玻璃” (in Chinese) and “FUYAO GLASS” (in English), and the stock code of H share is “3606”.

On April 28, 2015, as approved by the Hong Kong Stock Exchange, 65,951,600 overseas listed foreign shares (H shares) through the over-allotment of the Company were listed for trading on the Main Board of the Hong Kong Stock Exchange.

Thus the Company's total share capital was changed to 2,508,617,532 shares from 2,002,986,332 shares.

Please refer to the interim announcements of the Company of “The Announcement of Fuyao Glass in Relation to Overseas Listed Foreign Shares (H shares) Listing and Trading” (Lin 2015-017) and “The Announcement of Fuyao Glass in Relation to Shares Listing for Trading and Change of Shares After Full Exercise of Over-Allotment Option of Overseas Listed Foreign Shares (H shares)” (Lin 2015-024) dated April 1, 2015 and April 29, 2015, respectively, published on the website of the SSE and on statutory disclosure newspapers.

3. Impact on financial indicators such as earnings per share and net assets per share from change in ordinary shares within the latest year and latest period (if applicable)

Within the Reporting Period, the overseas listed foreign shares (H shares) of global issue and over-allotment of the Company amounted to 505,631,200 shares in total, and the total share capital of the Company increased from 2,002,986,332 shares to 2,508,617,532 shares. The above change in share capital caused dilution in indicators such as basic earnings per share and net assets per share of the Company for 2015. If circulated based on the total share capital of 2,002,986,332 shares before change in share capital, the basic earnings per share attributable to equity interests of shareholders of the Company and net assets per share for 2015 would be RMB1.30 and RMB8.20, respectively. If circulated based on the total share capital of 2,508,617,532 shares after change in share capital, the basic earnings per share and net assets per share for 2015 would be RMB1.10 and RMB6.55, respectively.



Section VIII Changes in Ordinary Shares and Information of Shareholders

II. ISSUE AND LISTING OF SECURITIES

(I) Issue of securities within the Reporting Period

Unit: share Currency: HKD

Type of shares and derivative securities	Issue date	Issue price (or rate)	Issue amounts	Listing date	Amounts approved for listing	Ending date for transaction
type of ordinary shares						
overseas listed foreign invested shares (<i>H Shares</i>)	March 31, 2015	16.80	439,679,600	March 31, 2015	439,679,600	
overseas listed foreign invested shares (<i>H Shares</i>)	April 28, 2015	16.80	65,951,600	April 28, 2015	65,951,600	

Explanations of the issue of securities during the Reporting Period (please respectively explain the bonds with different rates through the duration):

For details of shares before and after issue of H Shares, please refer to "2. Explanation on changes in ordinary shares" of "I CHANGES IN ORDINARY SHARE CAPITAL" in this section.

(II) Change in the total number of ordinary shares, the shareholding structure and the asset and liability structure of the Company

There was no change of de facto controllers of the Company before and after the issue of H Shares and the exercise of the over-allotment option. Please refer to "I CHANGES IN ORDINARY SHARE CAPITAL" in the section. The changes in total share capital, assets and liabilities structures of the Company before and after the issue are set as below:

1. Change of indicators before and after the issue of H shares on March 31, 2015 (prepared in accordance with the China Accounting Standards for Business Enterprises):

Indicators	Before issue	After issue	Changing amounts	Changing rate (%)
Total share capital (<i>share</i>)	2,002,986,332	2,442,665,932	439,679,600	21.95
Total assets (<i>RMB00'000'000</i>)	180.32	237.34	57.02	31.62
Net assets attributable to the shareholders of the Listed Company (<i>RMB00'000'000</i>)	78.58	135.37	56.79	72.27
Gearing ratio (%)	56.40	42.95	-13.45	-

Section VIII Changes in Ordinary Shares and Information of Shareholders

2. Change of indicators before and after the exercise of the over-allotment option on April 28, 2015:

Indicators	Before the exercise of the over-allotment option	After the exercise of the over-allotment option	Changing amounts	Changing rate (%)
Total share capital (<i>share</i>)	2,442,665,932	2,508,617,532	65,951,600	2.70
Total assets (<i>RMB00'000'000</i>)	220.83	229.36	8.53	3.86
Net assets attributable to the shareholders of the Listed Company (<i>RMB00'000'000</i>)	137.57	145.94	8.37	6.08
Gearing ratio (%)	37.67	36.34	-1.33	-

III. PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLERS

(I) Total number of shareholders

As at December 31, 2015, total number of shareholders of the Company was 67,660, of which, 67,587 were holders of A shares and 73 were holders of H shares.

Total number of shareholders of ordinary shares as at the end of the Reporting Period	67,660
Total number of shareholders of ordinary shares as at the end of the month preceding the month when the annual report was disclosed	66,446
Total number of shareholders of preference shares with voting rights restored as at the end of the Reporting Period	0
Total number of shareholders of preference shares with voting rights restored as at the end of the month preceding the month when the annual report was disclosed	0



Section VIII Changes in Ordinary Shares and Information of Shareholders

(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							
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 or moratorium Status of shares		Nature of shareholders
						Number	
HKSCC NOMINEES LIMITED (Note)	505,462,000	505,462,000	20.15		Unknown		Unknown
Sanyi Development Limited	0	390,578,816	15.57		Nil		Overseas legal person
Heren Charitable Foundation	0	290,000,000	11.56		Nil		Domestic Non-state-owned legal person
Hong Kong Securities Clearing Company Limited	96,078,296	146,741,336	5.85		Unknown		Unknown
China Securities Finance Corporation Limited	60,059,657	60,059,657	2.39		Unknown		Unknown
TEMASEK FULLERTON ALPHA PTE LTD	38,653,598	38,653,598	1.54		Unknown		Unknown
Fujian Yaohua Industrial Village Development Co., Ltd.	10,047,792	34,277,742	1.37		Pledged	22,340,000	Domestic Non-state-owned legal person
Central Huijin Asset Management Ltd.,	24,598,300	24,598,300	0.98		Unknown		Unknown
Industrial Securities Co., Ltd.	21,710,000	21,710,000	0.87		Unknown		Unknown
National Social Security Fund 418	10,790,607	20,504,000	0.82		Unknown		Unknown

Shareholding of the top ten shareholders not subject to selling restrictions

Name of shareholders	Number of tradable shares held with selling restrictions	Type and number of shares	
		Type	Number
HKSCC NOMINEES LIMITED	505,462,000	Overseas listed foreign shares	505,462,000
Sanyi Development Limited	390,578,816	Ordinary shares dominated in RMB	390,578,816
Heren Charitable Foundation	290,000,000	Ordinary shares dominated in RMB	290,000,000
Hong Kong Securities Clearing Company Limited	146,741,336	Ordinary shares dominated in RMB	146,741,336
China Securities Finance Corporation Limited	60,059,657	Ordinary shares dominated in RMB	60,059,657
TEMASEK FULLERTON ALPHA PTE LTD	38,653,598	Ordinary shares dominated in RMB	38,653,598
Fujian Yaohua Industrial Village Development Co., Ltd.	34,277,742	Ordinary shares dominated in RMB	34,277,742
Central Huijin Asset Management Ltd.	24,598,300	Ordinary shares dominated in RMB	24,598,300
Industrial Securities Co., Ltd.	21,710,000	Ordinary shares dominated in RMB	21,710,000
National Social Security Fund 418	20,504,000	Ordinary shares dominated in RMB	20,504,000

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

The de facto controllers of Sanyi Development Ltd. and Fujian Yaohua Industrial Village Development Co., Ltd. are members of the same family. Among the remaining eight 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 for the Administration of Information Disclosure of Change of Shareholdings Held by Shareholders of Listed Companies".

Note: HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) holds shares on behalf of various customers.

Section VIII Changes in Ordinary Shares and Information of Shareholders

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

As at December 31, 2015, the interests or 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 will 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 are taken or deemed to have under such provisions of the SFO); or (b) which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Hong Kong Listing Rules ("Model Code"), will be as follows:

Name	Capacity/nature of interest	Number of shares interested	Percentage of total issued share capital of the relevant class of shares (%)	Percentage of total issued share capital of the Company (%)	Class of shares
Mr. Cho Tak Wong (the chairman and an executive director)	Beneficiary owner, spouse interest and deemed interest/interest of corporation controlled by the substantial shareholder	437,257,991(L)	21.83(L)	17.43(L)	A share
Mr. Zuo Min (the president)	Beneficiary owner	16,136,623(L)	0.81(L)	0.64(L)	A share

Note:

- (1) Mr. Cho Tak Wong directly holds 314,828 A shares and indirectly holds 390,578,816 A shares through Sanyi Development Limited and 12,086,605 A shares through Home Bridge Overseas Limited. In addition, Mr. Cho Tak Wong is deemed to be interested in the 34,277,742 A shares indirectly held by his spouse, Ms. Chan Fung Ying.
- (2) (L) – long position.

Save as disclosed above, as at December 31, 2015, none of directors, supervisors and chief executives of the Company has interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations which will have 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 are taken or deemed to have under such provisions of the SFO); or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Section VIII Changes in Ordinary Shares and Information of Shareholders

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

As at December 31, 2015, the Company was notified of the following persons other than directors, supervisors or chief executive of the Company who have 5% or more interests or short positions 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 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 (%)	Percentage of total issued share capital of the Company (%)	Class of shares
Chan Fung Ying	Spouse interest and deemed interest/interest of corporation controlled by the substantial shareholder	437,257,991(L)	21.83(L)	17.43(L)	A shares
Sanyi Development Limited	Beneficiary owner	390,578,816(L)	19.50(L)	15.57(L)	A shares
Heren Charitable Foundation	Beneficiary owner	290,000,000(L)	14.48(L)	11.56(L)	A shares
Commonwealth Bank of Australia	Interest of corporation controlled by the substantial shareholder	72,138,400(L)	14.27(L)	2.88(L)	H shares
Matthews International Capital Management, LLC	Investment manager	65,824,000(L)	13.01(L)	2.62(L)	H shares
Hillhouse Capital Management, Ltd.	Investment manager	46,170,400 (L)	9.13(L)	1.84(L)	H shares
Gaoling Fund, L.P.	Beneficiary owner	44,775,000(L)	8.86(L)	1.78(L)	H shares
JPMorgan Chase & Co.	Investment manager, custodian, corporation/ approved lending agent/ interest controlled by the substantial shareholder	30,197,268(L) 0(S) 21,165,268(P)	5.97(L) 0.00(S) 4.18(P)	1.20(L) 0.00(S) 0.84(P)	H shares

Note:

(1) Ms. Chan Fung Ying indirectly holds 34,277,742 A shares through Fujian Yaohua Industrial Village Development Co., Ltd. ("Yaohua"), of which, 22,340,000 A shares were pledged to China Merchants Securities Co., Ltd. by Yaohua. In addition, she was deemed to have an interest in 402,980,249 A shares held by Mr. Cho Tak Wong.

(2) (L) – long position, (S) – short position, (P) – lending pool.

Save as disclosed above, as at December 31, 2015, 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 VIII Changes in Ordinary Shares and Information of Shareholders

IV CHANGES IN CONTROLLING SHAREHOLDER OR DE FACTO CONTROLLER

(I) Controlling shareholder

1 Legal person

Name of controlling shareholder	Sanyi Development Ltd.
Legal representative	Cai Youchao
Date of establishment	April 4, 1991
Principal business	non-business operation investment shareholding
Details of controlling interests and investments in other domestic and foreign-listed companies during the Reporting Period:	Nil

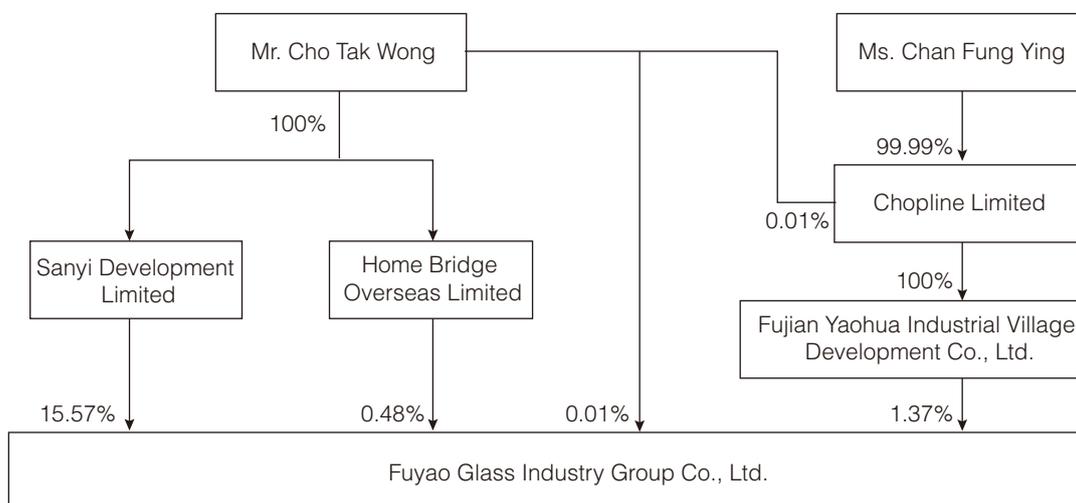
(II) De facto controller

1 Natural person

Name	Cho Tak Wong
Nationality	Hong Kong, China
Whether has acquired rights of residence in other countries or areas	No
Principal job and position	Mr. Cho Tak Wong has served as an executive director and the chairman of the Board of Directors since August 1999. He is also one of the major founders, operators and investors of the Company. Mr. Cho Tak Wong currently also serves as a director of a majority of subsidiaries of the Company and several positions in many organizations, including as a member of the National Committee of the 12th Chinese People's Political Consultative Conference, the executive vice president of the China Overseas Chinese Entrepreneurs Association, a vice president of the China Society for Promotion of the Guangcai Program, a vice president of the Fujian Province Enterprise and Entrepreneurs Association and an honorary president of the Fujian Charity Federation. He also serves as directors of Sanyi Development Limited, Home Bridge Overseas Limited and Trade Commerce Limited.
Companies listed domestically or overseas in the past 10 years	Nil

Section VIII Changes in Ordinary Shares and Information of Shareholders

2 The interests and controlling relationships between the Company and the de facto controller



V OTHER LEGAL PERSON SHAREHOLDERS WITH SHAREHOLDING OF OVER 10%

Unit: Yuan Currency: RMB

Name of legal person shareholder	Legal representative	Date of representative	Organization code	Registered capital	Principal business or management events
Heren Charitable Foundation	Cao Degan	2010-06-07	50002179-9	20,000,000	Helping the poor, infrastructure construction, and disease prevention

Details During the Reporting Period, except HKSCC NOMINEES LIMITED, Heren Charitable Foundation is the only legal person shareholder that holds more than 10% of the issued share capital of the Company.

Section IX Directors, Supervisors, Senior Management and Employees

I. CHANGES IN SHAREHOLDING AND REMUNERATIONS

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

Unit: share

Name	Position	Gender	Age	Commencement date of the term	Cessation date of term	Number of shares held at the beginning of the year (A shares)	Number of shares held at the end of the year (A shares)	Changes in shares held for the year (A shares)	Reason for changes	Total remunerations before tax received from the Company during the Reporting Period (RMB'000)	Whether has received remunerations from related parties of the Company
Cho Tak Wong	Executive Director, Chairman of the Board of Directors	Male	69	November 27, 2014	November 27, 2017	314,828	314,828	0		89.82	No
Tso Fai	Non-executive Director	Male	45	November 27, 2014	November 27, 2017					304.96	No
Tso Fai	Vice Chairman of the Board of Directors	Male	45	August 22, 2015	November 27, 2017						
Chen Xiangming	Executive Director, Joint Company Secretary, Chief Financial Officer	Male	45	November 27, 2014	November 27, 2017					180.05	No
Chen Jicheng	Executive Director	Male	44	October 26, 2015	November 27, 2017					350.32	No
Chen Jicheng	Vice President	Male	44	November 27, 2014	November 27, 2017						No
Wu Shinong	Non-executive Director	Male	59	November 27, 2014	November 27, 2017					9.00	No
Zhu Dezhen	Non-executive Director	Female	57	November 27, 2014	November 27, 2017					9.00	No
Cheng Yan	Independent Non-executive Director	Female	51	November 27, 2014	November 27, 2017					15.00	No
Liu Xiaozhi	Independent Non-executive Director	Female	59	November 27, 2014	November 27, 2017					15.00	No
Wu Yuhui	Independent Non-executive Director	Male	37	November 27, 2014	November 27, 2017					15.00	No
Bai Zhaohua	Supervisor	Male	64	July 8, 2015	November 27, 2017					233.46	No
Bai Zhaohua	Chairman of the Board of Supervisors	Male	64	August 22, 2015	November 27, 2017						No
Ni Shiyou	Supervisor	Male	69	March 10, 2015	November 27, 2017					12.50	No
Chen Mingsen	Supervisor	Male	68	March 10, 2015	November 27, 2017					12.50	No
Zuo Min	President	Male	49	August 22, 2015	November 27, 2017	14,456,433	16,136,623	1,680,190		91.15	No
He Shimeng	Vice President	Male	57	November 27, 2014	November 27, 2017	33,633	33,633	0		218.02	No
Chen Juli	Vice President	Male	49	November 27, 2014	November 27, 2017					382.91	No
Huang Xianqian	Vice President	Male	46	August 22, 2015	November 27, 2017					119.53	No
Lin Houtan (resigned)	Supervisor, Chairman of the Board of Supervisors	Male	78	November 27, 2014	July 8, 2015	22,019	22,019	0		8.75	No
Zhou Zunguang (resigned)	Supervisor	Male	47	November 27, 2014	March 10, 2015					151.14	No
Zhu Xuanli (resigned)	Supervisor	Female	42	November 27, 2014	March 10, 2015					35.35	No
Tso Fai (resigned)	President	Male	45	November 27, 2014	July 1, 2015						No
Bai Zhaohua (resigned)	Executive Director, Vice President	Male	64	November 27, 2014	July 1, 2015						No
Zuo Min (resigned)	Chief Financial Officer	Male	49	November 27, 2014	August 22, 2015						No
Chen Xiangming (resigned)	Secretary to the Board of Directors,	Male	45	November 27, 2014	March 19, 2016						No
Total	/	/	/	/	/	14,826,913	16,507,103	1,680,190	/	2,253.46	/

Section IX Directors, Supervisors, Senior Management and Employees

Notes:

1. For details of shareholding of Mr. Cho Tak Wong and Mr. Zuo Min, please refer to "(III) INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES" of "Section VIII CHANGES IN ORDINARY SHARES AND INFORMATION OF SHAREHOLDERS".
2. The class of the above shares is A shares.
3. On March 19, 2016 the Board of Directors of the Company agreed to appoint Ms. Li Xiaoxi to be the secretary to the Board of Directors of the Company recommended by the Nomination Committee of the Board of Directors and nominated by Mr. Cho Tak Wong, the Chairman of the Board of Directors.

Name **Major working experience**

Cho Tak Wong Mr. Cho Tak Wong has served as the executive director and chairman of the Board of Directors of the Company since August 1999. He is also one of the major founders, operators and investors of the Company. Mr. Cho Tak Wong currently also serves as a director of a majority of the subsidiaries of the Company and certain positions in many organizations, including a member of the National Committee of the 12th Chinese People's Political Consultative Conference, the executive vice president of the China Overseas Chinese Entrepreneurs Association, a vice president of the China Society for Promotion of the Guangcai Program, a vice president of the Fujian Province Enterprise and Entrepreneurs Association and an honorary president of the Fujian Charity Federation. He also serves as a director of Sanyi Development Limited, Home Bridge Overseas Limited and Trade Commerce Limited. Mr. Cho served as managing director of the Company from December 1994 to August 1999, vice chairman of the Board of Directors of the Company from May 1988 to December 1994 and president of the Company from June 1987 to September 2003. He worked at Fuqing County Gaoshan Special Shaped Glass Factory, a company primarily engaged in glass manufacturing business, from 1976 to June 1987.

Tso Fai Mr. Tso Fai served as an executive director of the Company from August 1998 to August 2015 (has been reassigned as a non-executive director since August 2015), and the president of the Company from September 2006 to June 2015, and he has served as the vice chairman of the Board of Directors of the Company since August 2015. He is also a director of a majority of subsidiaries of the Company and serves certain positions in many organizations, including as a member of the Fujian Province Committee of the 11th Chinese People's Political Consultative Conference, a vice president of the Youth Committee of the China Overseas Chinese Entrepreneurs Association, a vice president of the Chamber of Commerce of the Fujian Industry and Commerce Association, a vice president of the China Society for Promotion of the Guangcai Program and an honorary vice president of the Fujian Red Cross. Mr. Tso currently also serves as a director of Fujian Yaohua Industrial Village Development Co., Ltd, Chopline Limited and Trade Commerce Limited and Triplex Holdings Management Co., Ltd.(三鋒控股管理有限公 司), a chairman and president of Fujian Triplex Machinery Technology Co., Ltd. and Fujian Triplex Auto Services Co., Ltd., and an executive director and president of Fujian Triplex Auto Parts Development Co., Ltd. and Fujian Triplex Industrial Development Co., Ltd. Mr. Tso served as the president of Fuyao North America Inc. from August 2001 to December 2009; general manager of Greenville Glass Industries Inc., a member of the Company engaged in glass trading which was subsequently deregistered, from January 2001 to December 2009, and its chief financial officer from July 1996 to December 2000; president of Fuyao Hong Kong from March 1994 to June 1996 and president of Sanyi Development Limited from June 1992 to February 1994. He joined the Company in November 1989. Mr. Tso received a master's degree in business administration from Baker College in the United States in December 2005. Mr. Tso obtained the qualification of senior economist as approved by Fujian Provincial Bureau of Civil Servants and the Office of Human Resources Development of the Fujian Province in December 2012. Mr. Tso Fai is the son of Mr. Cho Tak Wong, the chairman and a substantial shareholder of the Company, and the nephew of He Shimeng, a vice president of the Company.

Section IX Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Chen Xiangming	Mr. Chen Xiangming has served as an executive director of the Company since February 2003, the chief financial officer since August 2015, secretary to the Board of Directors from October 2012 to March 2016 and joint company secretary since October 30, 2014. He currently also serves as a director of a majority of the subsidiaries of the Company. He served as the manager of the accounting department of the Company from February 2002 to December 2002. He was the chief financial officer of the Company from August 1999 to January 2002 and from January 2003 to November 2014. Prior to that, Mr. Chen was the manager of the finance department of the Company from October 1994 to June 1998. He joined the Company in February 1994. Mr. Chen graduated from Nanjing Forestry University in June 1991 with a college diploma in finance and accounting, and received a certificate of the comprehensive national uniform examination for staff of equivalent academic attainments to apply for a master's degree in business administration from Fujian Province Degree Committee in June 1999. Mr. Chen obtained the qualification as an accountant as approved by the Ministry of Personnel of the PRC in December 1996 and the qualification as a senior economist as approved by the Fujian Provincial Bureau of Civil Servants and the Office of Human Resources Development of the Fujian Province in December 2012.
Chen Jicheng	Mr. Chen Jicheng has served as an executive director of the Company since October 2015, the vice president of the Company since February 2011 and the general manager of the commerce department of the Company since November 2004. He currently also serves as a director of a majority of the subsidiaries of the Company. Mr. Chen joined the Company in October 2003 and served as a vice president of Fujian Wanda from October 2003 to April 2004 and a deputy general manager of the commerce department of the Company from April 2004 to November 2004. Prior to joining the Company, Mr. Chen was employed in Putian Jinshi Group in various senior positions including the executive vice president of Putian Jinshi Glass Products Co., Ltd. Mr. Chen graduated from Nanjing Institute of Political Studies, majoring in economics and administration (undergraduate studies). He obtained an executive master of business administration degree from each of the Tsinghua University in Beijing and INSEAD Business School in France, respectively.
Wu Shinong	Mr. Wu Shinong has served as a non-executive director of the Company since December 2005. He joined the Company as an independent non-executive director from April 2000 to December 2005. Mr. Wu is currently a council member of Heren Charitable Foundation. He is also an independent director of Xiamen Xiangyu Co., Ltd., a company listed on the SSE (Stock code: 600057), Xiamen ITG Group Co., Ltd, a company listed on the SSE (Stock code: 600755) and Midea Group Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock code: 000333). Mr. Wu served as the vice principal of Xiamen University from December 2001 to November 2012. He served in School of Management of Xiamen University from September 1999 to April 2003 with his last role as a dean. Mr. Wu served as the dean of School of Business Administration of Xiamen University from May 1996 to September 1999, a Fulbright visiting professor in Stanford University from September 1994 to July 1995 and a director of the MBA Center of Xiamen University from May 1991 to April 1996. Mr. Wu obtained a master's degree in business administration from Dalhousie University in Canada in May 1986 and a doctorate in economics from Xiamen University in December 1992.



Section IX Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Zhu Dezhen	<p>Ms. Zhu Dezhen has served as a non-executive director of the Company since November 2011. She currently also serves as a director of Heren Charitable Foundation, president of Shanghai Guohe Modern Service Industry Equity Investment and Management Co., Ltd., and a consultant of the Consulting Committee of Securities Association of China. She has served as an independent non-executive director of Bright Dairy & Food Co., Ltd. (stock code: 600597) (listed on SSE) since April 2015, and China Yongda Automobiles Service Holdings Limited (stock code: 3669) (listed on Hong Kong Stock Exchange) since May 2015. Ms. Zhu served as the chief investment officer and president of the private banking department of China Minsheng Banking Corp., Ltd., a PRC commercial bank, from July 2008 to December 2010 and president of Fortune CLSA Securities Limited (formerly known as China Euro Securities Co., Ltd.), a company primarily engaged in investment banking, securities investment consultation and stock brokerage services, from June 2003 to May 2008. Ms. Zhu obtained a bachelor's degree in literature from Xiamen University in May 1982, a master's degree in business administration from Pace University in the United States in June 1992 and a doctorate in economics from Xiamen University in September 2013.</p>
Cheng Yan	<p>Ms. Cheng Yan has served as an independent non-executive director of the Company since November 2011. She has been serving as a vice CEO of China Huarong International Holdings Limited since December 2015, chairman, executive director, chairman of operation committee and member of the nomination and corporate governance committee of Huarong International Finance Holdings Limited (stock code: 993, formerly known as Simsen International Corporation Limited) from October 2015 to November 2015, deputy director of the economic committee of the China Democratic League Central Committee since January 2012, and managing director, executive head of the global customer center and vice chairman of the investment banking division of BOCI Holdings Limited from January 2014 to September 2015. During the period from March 2006 to December 2013, Ms. Cheng worked for BOCI Asia Limited, a subsidiary of the Bank of China Limited specializing in investment banking and held the positions of managing director, vice chairman of the investment banking division and the global high-end customers/market department from January 2013 to December 2013, the positions of managing director, supervisor of natural resources division and vice chairman of the investment banking division from April 2008 to December 2012, and the positions of executive director of the investment banking division and mining and resources supervisor of BOCI Asia Limited from March 2006 to March 2008. Ms. Cheng was chief representative of the Beijing office of South China Brokerage Co., Ltd. (currently known as South China Financial Holdings Limited), a company specializing in finance and investment, from April 2004 to April 2005, vice president of the strategic investment department of Hong Kong Golden Concord Power Investment Group, a company primarily engaged in energy business from August 2003 to April 2004, director and vice president of Shenzhen Jinling Investment Co., Ltd., a company primarily engaged in the businesses of investment consultancy, financial advisory and technical development services and import and export trading, from August 2001 to July 2003, and vice president of Qinghai Qingtai Trust Investment Co., Ltd. (now known as Minmetals International Trust Co., Ltd.), a non-banking company approved by the People's Bank of China which specializes in commercial trusts and investments from January 1999 to August 2001. Ms. Cheng received a bachelor's degree in economics from Anhui Institute of Finance and Economics in December 1993 and an executive master degree of business administration from Peking University in January 2005.</p>

Section IX Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Liu Xiaozhi	<p>Ms. Liu Xiaozhi has served as an independent non-executive director of the Company since October 2013 and was the president, director and vice chairman of the Company from November 2005 to September 2006. She worked for Neotek China, a manufacturer of brake components and other automobile parts, as chairman and president from January 2008 to February 2012 and chief executive officer from September 2006 to December 2007. Ms. Liu is the founder of and has served as president of ASL Automobile Science & Technology (Shanghai) Co., Ltd., a company that focuses on the development of advanced automobile technology in China, since June 2009. She has also served as an independent non-executive director of Autoliv Inc., an automobile safety equipment manufacturer, a company listed on the New York Exchange (Stock code: ALV) and OMX Nordic Exchange (Stock code: ALIV sdb) since November 2011. Prior to joining the Company, Ms. Liu worked for General Motors Group, a top global automobile manufacturer, including the positions of chief officer of the electronic, control and software integration department of General Motors U.S.A. from March 2004 to September 2005 and president of General Motors Taiwan from March 2001 to March 2004. Ms. Liu graduated with a bachelor's degree from the Faculty of Information and Control Engineering of Xi'an Jiaotong University in January 1982 majoring in radio technology. She graduated from University of Erlangen in Germany with a master's degree in engineering in August 1988, followed by a doctorate in engineering in July 1992.</p>
Wu Yuhui	<p>Mr. We Yuhui has served as an independent non-executive director of the Company since October 2013. Mr. Wu currently serves as an associate professor in finance, a PHD supervisor and the deputy director of the EDP Centre of the School of Management of Xiamen University. Currently, he also serves as an independent director of YOUZU Interactive Co., Ltd. (formerly known as Susino Umbrella Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock code: 002174)), as well as of Holitech Technology Co., Ltd. (a company listed on the Shenzhen Stock Exchange (Stock code: 002217)), Shenzhen Sunlord Electronics Co., Ltd. (a company listed on the Shenzhen Stock Exchange (Stock code: 002138)) and Autel Intelligent Technology Co., Ltd. Prior to joining the Company, Mr. Wu served as an assistant professor in the Finance Department of the School of Management of Xiamen University from September 2010 to September 2011 and a senior staff member of the accounting and finance department of the People's Bank of China Shenzhen Center Branch from July 2004 to August 2007. Mr. Wu graduated from Xiamen University majoring in accounting with a bachelor's degree in management in July 2001 and received a master's degree and a doctorate in management from Xiamen University in July 2004 and in September 2010, respectively. Mr. Wu obtained the qualification of non-practicing certified public accountant in China as approved by the Shenzhen Institute of Certified Public Accountants in December 2009.</p>
Bai Zhaohua	<p>Mr. Bai Zhaohua has served as the chairman of the Board of Supervisors of the Company since August 2015 and served as an executive director of the Company from December 2006 to June 2015 and vice president from August 1999 to June 2015. Mr. Bai joined the Company in November 1995, and was previously a director of the Company from August 1999 to July 2001. Mr. Bai served as the president of Fujian Yaohua Automotive Parts Co., Ltd. from June 1998 to August 1999, vice president of Fujian Wanda from December 1996 to June 1998 and factory director of the laminated glass factory of Fujian Wanda from November 1995 to December 1996.</p>
Ni Shiyou	<p>Mr. Ni Shiyou has served as a supervisor of the Company since March 2015. Prior to his current position, Mr. Ni worked for the Agricultural Development Bank of China Fujian Branch as the general manager of the operations department from August 1998 to November 2007. Mr. Ni graduated from the Fujian Bank School in July 1988 with a finance professional diploma.</p>

Section IX Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Chen Mingsen	Mr. Chen Mingsen has served as a supervisor of the Company since March 2015. Mr. Chen has been an adjunct professor of the School of Economics and Finance of HuaQiao University since November 2005, as well as of the School of Economics and Management of Fuzhou University since May 1995. He has also been the dean of the Institute of Industry and Corporate Development of the Fujian Provincial Committee Party School since May 2005, a consultant of the Fujian Provincial People's Government since March 2000 and the president of the Fujian Province Institute of Economic Researches on Securities since June 1998. He is also an independent director of Fujian Sanmu Group Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock code: 000632), and Guomai Technologies, Inc., a company listed on the Shenzhen Stock Exchange (Stock code: 002093). Mr. Chen obtained a master's degree in economics from Fujian Normal University in December 1981.
Lin Houtan	Mr. Lin Houtan served as the chairman of the Board of Supervisors of the Company from January 1994 to July 2015. He joined the Company in January 1991 and had served as an executive director of the Company till December 1993. Prior to joining the Company, Mr. Lin served as a vice president of Fuqing City Chinese People's Political Consultative Committee from March 1988 to October 1989, president of Overseas Chinese Hometown Construction Investment Co., Ltd. from December 1986 to June 1997, a director of the Spiritual Civilization Office of Fuqing Municipal Committee from August 1984 to December 1986 and a committee secretary of Chinese Communist Party Fuqing County Chengguan Town from May 1980 to August 1984. Mr. Lin studied at the Air Force Radar Institute in the PRC from 1958 to March 1961, majoring in radar weaponry.
Zhou Zunguang	Zhou Zunguang served as a supervisor of the Company from June, 1999 to March 2015. He has served as the director of the production research institute of the Company since September 2010 and the general engineer of the Company and vice dean of Glass Engineering Institute of the Company since July 2001.
Zhu Xuanli	Ms. Zhu Xuanli served as a supervisor of the Company from April 2004 to March 2015. She has served as the manager of human resources department of the Company since September 2010, and served as the manager of human resources department of Fuyao Group (Fujian) Machinery Manufacturing Co., Ltd. from July 2008 to August 2010.
Zuo Min	Mr. Zuo Min has served as the president of the Company since August 2015, and served as the chief financial officer of the Company from November 2014 to August 2015. He joined the Company in July 1989. He served as various positions of the Company, including the general manager of the audit supervision department of the Company from December 2007 to March 2008, a director from December 1994 to January 2003, a vice president from August 1999 to January 2003, the chief financial officer from December 1994 to August 1999 and from February 2002 to January 2003, the chief accountant from January 1994 to December 1994, a financial manager from August 1992 to January 1994 and a purchasing manager from October 1990 to August 1992. Mr. Zuo was an executive director of Hubei Jierui Automobile Glass Co., Ltd. from June 2007 to January 2014. He has been a director of Ningxia Shaquan Grape Vintage Limited since July 2014. Mr. Zuo graduated with a bachelor's degree in chemistry and mechanism from Fushun Petroleum Institute in July 1989, and a master's degree in business administration from Xiamen University in January 2000. He graduated from Fudan University with doctorate-equivalent qualification in accounting in June 2008.

Section IX Directors, Supervisors, Senior Management and Employees

Name	Major working experience
He Shimeng	Mr. He Shimeng has served as a vice president of the Company since August 1999. He served as the general manager of production department of the Company from March 1995 to November 1999, the deputy manager of the sales department of the Company from August 1994 to February 1995 and the manager of the production department of the Company from July 1988 to August 1994. Mr. He joined the Company in July 1988. Mr. He graduated from the Naval University of Engineering in the PRC in June 2001 with a college diploma, majoring in management engineering. Mr. He Shimeng is the brother-in-law of Cho Tak Wong.
Chen Juli	Mr. Chen Juli has served as a vice president of the Company since February 2002. He joined the Company in July 1989. Mr. Chen has also served as president of Fuyao (Hong Kong) Co., Ltd. since September 1997 and president of Fuyao Group (Hong Kong) Co., Ltd. since March 2010. Prior to his current position, Mr. Chen served various positions in the Group, including as vice president of Fujian Wanda Automobile Glass Industry Co., Ltd. from July 1995 to August 1997. Mr. Chen served as the manager of the sales department of the Company from July 1994 to July 1995 and the manager of the export department of the Company from May 1992 to July 1994. Mr. Chen also served as the director of the Company from December 1994 to July 2001. Mr. Chen graduated from Beijing University of Aeronautics and Astronautics in July 1989, majoring in management information systems and earning a bachelor's degree in engineering.
Huang Xianqian	Mr. Huang Xianqian has served as a vice president of the Company since August 2015. He joined the Company in September 1990. He has served various positions in the Company including the director of the operation department of the Company and assistant to the president since February 2011, and the general manager of Guangzhou Fuyao Glass Co., Ltd. from June 2008 to February 2011, vice general manager of the commerce department of the Company from May 2003 to June 2008. Since he joined the Company in September 1990, he has worked for positions in connection with quality, engineering and factory. From January 1993 to May 2003, he successively served as the manager of the product development department, director of factory, manager of the sales department of the Company and its subsidiaries. Mr. Huang Xianqian graduated from Fuzhou University with a bachelor's degree majoring in mineral exploration in July 1990.



Section IX Directors, Supervisors, Senior Management and Employees

II. POSITION OF EXISTING AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

(I) Positions in shareholder entities

Name	Name of shareholder entities	Position held in shareholder entities	Commencement date of term	Cessation date of term
Cho Tak Wong	Sanyi Development Limited	Director	June 10, 2015	June 10, 2016
Cho Tak Wong	Home Bridge Overseas Limited	Director	July 21, 2015	July 21, 2016
Tso Fai	Fujian Yaohua Industrial Village Development Co., Ltd.	Director	September 1, 2011	September 1, 2015
Wu Shinong	Heren Charitable Foundation	Council member	December 9, 2010	December 9, 2015
Zhu Dezhen	Heren Charitable Foundation	Council member	December 9, 2010	December 9, 2015

Details of positions in shareholder entities As of the end of the Reporting Period, the positions and concurrent positions of the directors, supervisors and senior management of the Company are in compliance with the relevant laws and regulations without dual position forbidden by laws.

(II) Positions in other entities

Name	Name of other entities	Position held in other entities	Commencement date of term	Cessation date of term
Cho Tak Wong	Trade Commerce Limited	Director	October 28, 2015	October 28, 2016
Tso Fai	Chopline Limited	Director	August 25, 2015	August 25, 2016
	Trade Commerce Limited	Director	October 28, 2015	October 28, 2016
	Triplex Holdings Management Co., Ltd.	Director	May 13, 2015	
	Fujian Triplex Machinery Technology Co., Ltd.	Chairman of the Board of Directors and President	July 10, 2015	July 10, 2018
	Fujian Triplex Auto Parts Development Co., Ltd.	Executive Director and President	August 19, 2015	August 19, 2018
	Fujian Triplex Industrial Development Co., Ltd.	Executive Director and President	November 16, 2015	November 16, 2018
	Fujian Triplex Auto Services Co., Ltd.	Chairman of the Board of Directors and President	February 2, 2016	
Wu Shinong	Xiamen Xiangyu Co., Ltd.	Independent non-executive Director	May 17, 2013	May 17, 2016
	Xiamen ITG Group Co., Ltd.	Independent non-executive Director	May 6, 2014	May 6, 2017
	Midea Group Company Limited	Independent non-executive Director	September 18, 2015	September 18, 2018

Section IX Directors, Supervisors, Senior Management and Employees

Name	Name of other entities	Position held in other entities	Commencement date of term	Cessation date of term
Zhu Dezhen	Shanghai Guohe Modern Service Industry Equity Investment and Management Company Limited	Chief Executive Officer	December 1, 2010	July 1, 2018
	Bright Dairy & Food Co., Ltd.	Independent Non-executive Director	April 17, 2015	April 17, 2018
	China Yongda Automobiles Service Holdings Limited	Independent Non-executive Director	May 8, 2015	May 8, 2018
Cheng Yan	Huarong International Holdings Limited	Vice Chief Executive Officer	December 7, 2015	
Liu Xiaozhi	ASL Automobile Science & Technology (Shanghai) Co., Ltd.	Founder and President	June 5, 2009	
	Autoliv Inc.	Independent non-executive Director	November 3, 2011	November 3, 2015
Wu Yuhui	YOUZU Interactive Co., Ltd.	Independent non-executive Director	October 30, 2014	October 30, 2017
	Holitech Technology Co., Ltd.	Independent non-executive Director	April 23, 2014	April 23, 2017
	Shenzhen Sunlord Electronics Co., Ltd.	Independent non-executive Director	October 13, 2014	October 13, 2017
	Autel Intelligent Technology Co., Ltd.	Independent non-executive Director	May 30, 2014	May 30, 2017
Chen Mingsen	Fujian Sanmu Group Company Limited	Independent non-executive Director	May 16, 2012	May 16, 2015
	Guomai Technologies, Inc.	Independent non-executive Director	September 11, 2014	February 19, 2016
Zuo Min	Ningxia Shaquan Grape Vintage Limited	Director	July 23, 2014	

III. REMUNERATIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Decision-making process of remunerations of directors, supervisors and senior management

The implementation is subject to the approval of the general meeting of the Company and the Board of Directors.

Basis for determination of remunerations of directors, supervisors and senior management

Basic salaries are combined with year-end performance bonus.

Actual amount of remunerations paid to directors, supervisors and senior management

Remuneration payable to directors, supervisors and senior management of the Company for the year amounted to RMB22.5346 million (before tax). Please refer to "Changes in shareholding of current and resigned directors, supervisors and senior management during the Reporting Period" in this section for details.

Total remunerations actually received by all directors, supervisors and senior management during the Reporting Period

Actual remuneration paid to directors, supervisors and senior management of the Company for the year amounted to RMB22.5346 million (before tax). Please refer to "Changes in shareholding of current and resigned directors, supervisors and senior management during the Reporting Period" in this section for details.

Section IX Directors, Supervisors, Senior Management and Employees

IV. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Name	Position	Change	Reason for the change
Zhou Zunguang	Supervisor	Resigned	Failed to satisfy conditions of independent supervisor
Zhu Xuanli	Supervisor	Resigned	Failed to satisfy conditions of independent supervisor
Ni Shiyou	Supervisor	Elected	Elected and approved at the annual general meeting
Chen Mingsen	Supervisor	Elected	Elected and approved at the annual general meeting
Tso Fai	President	Resigned	Desire to devote more time to other business commitments
Tso Fai	Vice Chairman of the Board of Directors	Elected	Considered and approved at the fifth meeting of the eighth session of the Board of Directors
Lin Houtan	Chairman of the Board of Supervisors	Resigned	Age reason
Bai Zhaohua	Executive Director, Vice President	Resigned	Age reason and work adjustment
Bai Zhaohua	Supervisor	Elected	Elected and approved at the employee representatives' meeting
Bai Zhaohua	Chairman of the Board of Supervisors	Elected	Considered and approved at the fourth meeting of the eighth session of the Board of Directors
Zuo Min	Chief Financial Officer	Resigned	Internal work adjustment
Zuo Min	President	Appointed	Considered and approved at the fifth meeting of the eighth session of the Board of Directors
Chen Jicheng	Executive Director	Elected	Considered and approved at the first extraordinary general meeting of 2015
Huang Xianqian	Vice President	Appointed	Considered and approved at the fifth meeting of the eighth session of the Board of Directors
Chen Xiangming	Chief Financial Officer	Appointed	Considered and approved at the fifth meeting of the eighth session of the Board of Directors
Chen Xiangming	Secretary to the Board of Directors	Resigned	The need of re-division of functions of the management of Company

Notes:

1. Mr. Zhou Zunguang and Ms. Zhu Xuanli resigned as supervisors of the Company due to their failure to satisfy Rule 7 of the Opinions on Accelerating Standardized Operation of Companies Listed Overseas and Deepening Their Reforms (Guo Jing Mao Qi Gai [1999] No. 230) jointly issued by the former State Economic and Trade Commission and the CSRC, which requires that "the number of external supervisors shall represent over 50% of the total number of supervisors and there shall be more than two independent supervisors who are independent from shareholders of the Company and do not hold any positions in the Company". Please refer to Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily and the website of the SSE (<http://www.sse.com.cn>) dated February 17, 2015 for details.
2. On March 10, 2015, the Company held the annual general meeting for 2014, at which, the election of Mr. Chen Mingsen and Mr. Ni Shiyou as supervisors of the eighth session of the Board of Supervisors was considered and approved, with their term of office taking effect from the date of consideration and approval at the annual general meeting to the expiry date of the term of the eighth session of the Board of Supervisors. Please refer to Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily and the website of the SSE (<http://www.sse.com.cn>) dated March 12, 2015 for details.

Section IX Directors, Supervisors, Senior Management and Employees

3. Mr. Tso Fai tendered his resignation as the president to the Board of Directors of the Company on July 1, 2015 due to his desires to devote more time to other business commitments and the resignation took effect on the same day. Please refer to Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily, the website of the SSE (<http://www.sse.com.cn>) and the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) dated July 2, 2015 for details.
4. On August 22, 2015 the election of Mr. Tso Fai as a vice chairman of the Board of Directors was considered and approved at the fifth meeting of the eighth session of the Board of Directors of the Company and he was re-designated as a non-executive director, with his term of office as a vice chairman of the Board of Directors taking effect from the date of consideration and approval at the meeting to the expiry date of the term of the eighth session of the Board of Directors. Please refer to Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily, the website of the SSE (<http://www.sse.com.cn>) and the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) dated August 24, 2015 for details.
5. Mr. Lin Houtan tendered his resignation as a supervisor and the chairman the Board of Supervisors to the Board of Supervisors of the Company on June 29, 2015 due to age reason which took effect on July 8, 2015. Please refer to Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily, the website of the SSE (<http://www.sse.com.cn>) and the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) dated June 30, 2015 for details.
6. Mr. Bai Zhaohua tendered his resignation as an executive director and vice president to the Board of Directors of the Company on July 1, 2015 due to age reason and work adjustment and the resignation took effect on the same day. Please refer to Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily, the website of the SSE (<http://www.sse.com.cn>) and the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) dated July 2, 2015 for details.
7. On July 8, 2015, the election of Mr. Bai Zhaohua as the employee representative supervisor of the Board of Supervisors of the Company was considered and approved at the employee representatives' meeting of the Company, with the term of office from the date of consideration and approval at the meeting to the expiry date of the term of the eighth session of the Board of Supervisors. Please refer to Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily, the website of the SSE (<http://www.sse.com.cn>) and the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) dated July 9, 2015 for details.
8. On August 22, 2015, the appointment of Mr. Bai Zhaohua as the Chairman of the Board of Supervisors of the Company was considered and approved at the fourth meeting of the eighth session of the Board of Supervisors of the Company, with his term of office taking effect from the date of consideration and approval at the meeting to the expiry date of the term of the eighth session of the Board of Supervisors. Please refer to Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily, the website of the SSE (<http://www.sse.com.cn>) and the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) dated August 24, 2015 for details.
9. Mr. Zuo Min tendered his resignation as the chief financial officer to the Board of Directors of the Company on August 3, 2015 due to an internal work adjustment, which took effect on August 22, 2015. Please refer to Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily, the website of the SSE (<http://www.sse.com.cn>) and the website of the Hong Kong Stock Exchange (<http://www.hkexnews.com.hk>) dated August 4, 2015 for details.
10. On August 22, 2015, the appointment of Mr. Zuo Min as the president of the Company, the appointment of Mr. Chen Xiangming as the chief financial officer of the Company and the appointment of Mr. Huang Xianqian as a vice president of the Company were considered and approved at the fifth meeting of the eighth session of the Board of Directors of the Company, with their respective terms of office taking effect from the date of consideration and approval at the meeting to the expiry date of the term of the eighth session of the Board of Directors. Please refer to Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily, the website of the SSE (<http://www.sse.com.cn>) and the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) dated August 24, 2015 for details.

Section IX Directors, Supervisors, Senior Management and Employees

11. On October 26, 2015, the election of Ms. Chen Jicheng as the executive director of the Company was considered and approved at the 2015 first extraordinary general meeting of the Company, with the term of office taking effect to the expiry date of the term of the eighth session of the Board of Directors. Please refer to Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily, the website of the SSE (<http://www.sse.com.cn>) and the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) dated October 27, 2015 for details.
12. Due to the need of re-division of functions of the management of the Company, Mr. Chen Xiangming tendered his resignation, as the secretary to the Board of Directors, to the Board of Directors on March 19, 2016, and the Board of Directors accepted the resignation letter tendered by Mr. Chen Xiangming. After Mr. Chen Xiangming resigned from the position of secretary to the Board of Directors, he remains as the executive director, chief financial officer and joint company secretary of the Company. Please refer to Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily, the website of the SSE (<http://www.sse.com.cn>) and the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) dated March 21, 2016 for details.

V. CORE TECHNICAL TEAM OR KEY TECHNICAL STAFF OF THE COMPANY

During the Reporting Period, there was no change in the core technical team and key technical staff of the Company.

VI. PUNISHMENT BY SECURITIES REGULATORY AUTHORITIES IN THE LAST THREE YEARS

During the term of service as the chief financial officer, Mr. Zuo Min dealt with the A shares of the Company through the centralized bidding trading system of the SSE from February 27, 2015 to June 4, 2015, which constituted a short-swing trading (please refer to the Announcement of Fuyao Glass Industry Group Co., Ltd in Relation to Short-swing Trading of Senior Management dated June 5, 2015 published on the website of the SSE and Hong Kong Stock Exchange), which violated the relevant requirements under the Article 47 of Securities Laws, the Article 12 of "Rules Governing the Holding of Shares in the Company by Directors, Supervisors and Senior Management of Listed Companies and Changes Thereof issued by CSRC, and the Article 3.1.4 and the Article 3.1.6 of Rules Governing the Listing of Securities on the SSE. The SSE circulated a notice of criticism to Mr. Zuo Min.

Section IX Directors, Supervisors, Senior Management and Employees

VII. EMPLOYEES OF THE COMPANY AND ITS MAJOR SUBSIDIARIES

(I) Employees

Number of in-service employees of the parent company	2,032
Number of in-service employees of the major subsidiaries	19,801
Total number of in-service employees	21,833
The number of retired employees whose expenses are borne by the parent company and its major subsidiaries	0

Composition of professions

Type of profession	Number of staff
Production staff	16,440
Sales staff	324
Technical staff	2,778
Finance staff	248
Administrative staff	721
Other staff	1,322
	<hr/>
Total	21,833

Education level

Type of education level	Number of persons
University graduates or above	2,551
College graduates	2,608
Specialized secondary school graduates and high school graduates	12,170
Below high school graduates	4,504
	<hr/>
Total	21,833



Section IX Directors, Supervisors, Senior Management and Employees

(II) Remuneration policy

The Company formulated a remuneration policy combining monthly fixed remuneration and annual performance assessment based on the principles of “fairness, competitiveness, incentives, economy and legality”. Remuneration of employees is mainly composed of various items including salaries, bonuses, subsidies and allowance; salaries are adjusted in a timely manner in accordance with the Company’s results, employees’ performance, length of service and the attitude of working. In addition, the Company participated in “five social insurances and one housing fund” as stipulated, paying social insurance contributions and housing provident fund as scheduled.

(III) Training plan

According to the Group’s strategic plan, organizational performance, competence in positions and demand for personnel development, combining the implementation of training in 2014, the Company made a training plan for 2015. On the basis of 2014, the Company accelerated the cultivation of globalization management talents and leading technological talents, and stepped out to acquire experience of Industry 4.0 from the most advanced countries and enterprises in the world. The Company is devoted to change Fuyao into the model enterprise of Chinese Industry 4.0. The Company accelerated research and development and cooperation of leading techniques, and innovated new ideas for research and development, such as the universal training and promotion including TRIZ, DOE and Taguchi Method. Based on the idea of “learning through doing” and the Company’s actual situation, competence and capability of employees in different positions could be steadily improved, and the training results were optimized through carrying out efficient training and operating management. In the meantime, expansion of technical and professional training and certification of vocational qualification for automotive glass installation laid a solid foundation for promoting and enhancing the development of the industry standard.

Section X Company Governance and Corporate Governance Report

1. COMPANY GOVERNANCE

During the Reporting Period, the Company strictly followed the Company Law, Securities Law, Code of Corporate Governance for Listed Companies in China, and the requirements promulgated by the CSRC, the SSE and the Hong Kong Stock Exchange in relation to company governance. Company governance structure was constantly optimized, company operation was regulated, management of insider information was improved, disclosure of company information was strengthened, and the interest of the Company and all the shareholders was solidly protected. There is no material difference between the actual condition of the Company's governance structure and the provisions and requirements prescribed in the prevalent documents by the CSRC. The Company is also in compliance with the code provisions in the Code on Corporate Governance Practices issued by the Hong Kong Stock Exchange. The general condition of the Company's corporate governance is as follow:

1. Shareholders and General Meeting: The Company convened general meetings in accordance with the requirements of the Standard Opinions on General Meeting, the Articles of Association, the Rules of Procedure for General Meeting and the Implementation Rules for the Online Voting in the General Meeting. During the Reporting Period, Online voting was opened to shareholders to protect their legal rights and interests during the consideration of the Resolution in relation to the Extension of the Validity Period of the H Share Offering and Listing, the Resolution in relation to the Re-formulation of the Implementation Rules for the Online Voting in the General Meeting, and the Resolution in relation to the Amendments of the Articles of Association. The convention and the regulation of the voting procedures in each of the general meetings were witnessed by lawyers in person and documents with legal opinions were delivered to ensure the resolutions were lawful and valid. During the Reporting Period, there was no occurrence of any insider trade of information among shareholders and people in possession of insider information, or any incident harming the interest of the shareholders or the Company.
2. Relations between the Controlling Shareholders and the Company: The Company stringently carried out the strategy of "Independent in Five Aspects" with respect to its personnel, assets, finance, organization and business from those of the controlling shareholder, with separate accounting systems and respective responsibilities and risks. The controlling shareholders exercised rights and assumed responsibilities as contributors of the Company in strict compliance with relevant provisions under the Company Law and the Articles of Association of the Company. There was no business competition between the controlling shareholders and the Company, no direct or indirect interference in the decision and operation activities of the Company by the controlling shareholders, no non-operation use of capital, and no request of grantee for or by the controlling shareholders. The Board of Directors, the Board of Supervisors and internal management organizations all operated independently. The Company has established a long-term mechanism to avoid the controlling shareholders from non-operation usage of assets and damage of interests of the Company, where the relevant terms of "freeze upon non-operational use" were clearly specified in the Articles of Association.
3. Directors and the Board of Directors: All directors made independent, objective and fair decisions on the resolutions brought to the Board of Directors for consideration with their professional knowledge and ability, also exercised rights and bore responsibilities in accordance with the laws, in strict compliance with the Articles of Association, Rules of Procedure for the Board of Directors and the requirements under relevant laws and regulations, in an honest and diligent manner. The Company adopted cumulative voting in electing the directors. When considering resolutions in relation to connected transactions, the connected shareholders abstained from the voting, in order to ensure that the connected transactions were fair and reasonable.
4. Supervisors and the Board of Supervisors: All supervisors were in strict compliance with the Articles of Association, Rules of Procedure for the Board of Supervisors and the requirements under relevant laws and regulations. The supervisors earnestly performed their duties for the best interests of all shareholders with the spirit of being responsible to the shareholders, supervised the legality and compliances of the Company's finance position, connected transactions involved leasing, daily connected transactions, and performance of directors and senior management, and protected the legal rights of the Company and the shareholders.

Section X Company Governance and Corporate Governance Report

5. Information Disclosure and Transparency: The Company strictly complied with the listing rules of the exchanges where its shares are listed, and fulfilled the responsibilities of disclosure in a truthful, precise, complete and timely manner. Meanwhile, the Company also ensured the confidentiality before the disclosure of the information to make sure the disclosure of the Company's information disclosure was in an open, fair and just manner so that each shareholder would have an equal chance to obtain such information, and the transparency of the Company was constantly improved.
6. Investor Relationship and Stakeholders: The Company emphasized the maintenance of the investor relationship. The Company appointed the Secretary to the Board of Directors and the representatives of the securities business to be responsible for the information disclosure and management of investor relationship, and responded to the visits and enquiries of the shareholders and investors in an earnest manner. The Company adequately respected and protected the lawful rights and interests of the creditors, clients, suppliers and other stakeholders, established coordination and balance of interests of different parties such as shareholders, employees and the society, actively engaged in welfare activities, emphasized the Company's social responsibilities and enhanced the stable and sustainable development of the Company.
7. Registration and Management of People in Possession of Inside Information: During the Reporting Period, the Company implemented the System for the Registration and Management of People in Possession of Inside Information by Listed Companies in strict compliance with the requirements of the regulators. According to the regulations of the system, the Company performed registration for record on those people associated with the inside information during the disclosure process of the Company's regular reports. During the Reporting Period, no people possessing inside information traded the Company's shares in violation of the laws and regulations.

Corporate governance is a long-term commitment. The Company will enhance the establishment of its internal control system, constantly raise the level of standardized operations and consistently optimize its corporate governance structure in accordance with the Company Law, Securities Law, Code of Corporate Governance for Listed Companies and the Hong Kong Listing Rules as well as the requirements under the relevant documents promulgated by the CSRC, SSE and Hong Kong Stock Exchange.

As of the end of the Reporting Period, the legal entity governance structure was sound and in compliance with the requirements under the Company Law and relevant regulations of CSRC. The Company has adopted the principles and code provisions set out in the Corporate Governance Code. Since the date of listing of the Company's H Share (March 31, 2015) and as of the date of this annual report, the Company has complied with the code provisions set out in the Corporate Governance Code, except for the requirements set out in code provision A.2.1 where it states, "the roles of chairman and chief executive shall be separate and shall not be performed by the same individual. The division of responsibilities between the chairman and chief executive shall be clearly established and set out in writing". Mr. Tso Fai, the president of the Company, has tendered his resignation from his position as the president of the Company due to his intention of devoting more time to other business commitments, with effect from July 1, 2015. Prior to the appointment of the new president by the Board of Directors, Mr. Cho Tak Wong, the chairman of the Board of Directors of the Company, temporarily assumed the role of the president of the Company. This transitional arrangement was made for the purpose of commencing work in a more effective manner and ensuring continuity of the process of the Company's decision-making. The Board of Directors resolved to appoint Mr. Zuo Min as the president of the Company on August 22, 2015. Please refer to the Company's announcement dated August 24, 2015 for further details.

The general meeting, the Board of Directors and the Board of Supervisors all operated effectively in strict compliance with the Articles of Association and their respective rules of procedure. For the information required for disclosure in accordance with Corporate Governance Report set out in the Appendix 14 to the Hong Kong Listing Rules, please refer to the relevant parts in this annual report and "Section V Report of the Board of Directors" and "Section IX The Directors, Supervisors, Senior Management and Employees".

Section X Company Governance and Corporate Governance Report

2. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers of 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.

3. GENERAL MEETING

General meeting	Date of convention	Directory to designated site of publication of the resolution	Date of disclosure of the publication of resolution
2014 annual general meeting	March 10, 2015	The website of the SSE (www.sse.com.cn)	March 12, 2015
2015 first extraordinary general meeting	October 26, 2015	The website of the SSE (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkexnews.hk)	October 27, 2015

Information of General meeting

1. The 2014 annual general meeting was convened on March 10, 2015 through a combination of physical meeting and online voting. The meeting was presided by Mr. Cho Tak Wong, the chairman of the Board of Directors. A total of 105 shareholders attended either the physical meeting or online voting in person or by proxy. The meeting considered and approved 13 resolutions including the Annual Work Report of the Board of Directors for the Year 2014, Annual Work Report of the Board of Supervisors for the Year 2014, listened to resolutions including the Annual Work Report of the Board of Directors and the Work Reports of Non-Executive Directors for the Year 2014 of Ms. Liu Xiaozhi, Ms. Cheng Yan and Mr. Wu Yuhui. For the announcements relevant to the resolutions, please refer to relevant announcements published by the Company on China Securities Journal, the Shanghai Securities News, Securities Daily, Securities Times and the website of the SSE (www.sse.com.cn) dated March 12 2015.
2. The 2015 first extraordinary general meeting was convened on October 26, 2015 through a combination of physical meeting and online voting. The meeting was presided by Mr. Cho Tak Wong, the chairman of the Board of Directors. A total of 44 shareholders attended either the physical meeting or online voting in person or by proxy. The meeting considered and approved the Resolution in relation to Electing Mr. Chen Jicheng as a Director of the Eighth Session of the Board of the Directors, and the Resolution on Amendments of the Articles of the Association. For the announcements relevant to the resolutions, please refer to relevant announcements published by the Company on China Securities Journal, the Shanghai Securities News, Securities Daily, Securities Times and the website of the SSE (www.sse.com.cn) and the website of Hong Kong Stock Exchange (www.hkexnews.hk) dated October 27, 2015.



Section X Company Governance and Corporate Governance Report

4. THE RIGHTS OF SHAREHOLDERS

1. Shareholders to Convene an Extraordinary General Meeting

According to the Articles of Association, the shareholders independently or jointly holding more than 10% shares of the Company may request the Board of Directors to hold an extraordinary general meeting, such request shall be delivered in writing. The Board of Directors shall revert in writing whether to approve the holding of an extraordinary general meeting according to the applicable laws, regulations and the Articles of Association within 10 days after the request is received. In the case the Board of Directors approves the holding of an extraordinary general meeting, it shall issue corresponding notice of convening the general meeting within 5 days after the resolution is made, and changes to the original proposal should be agreed by the relevant shareholders. In the case that the Board of Directors refuses the request of holding of an extraordinary general meeting, or makes no feedback within 10 days after receiving the proposal, the shareholders independently or jointly holding more than 10% shares of the Company may request the Board of Supervisors to hold an extraordinary general meeting in writing. In the case that the Board of Supervisors approves the holding of an extraordinary general meeting, it shall issue the notice of convening general meeting within 5 days after the request is received, and changes to the original proposal shall be agreed by the relevant shareholders. In the case that the Board of Supervisors fails to issue the notice of extraordinary general meeting in the prescribed period, the Board of Supervisors shall be deemed as refusing to convene and preside over such meeting. Shareholders independently or jointly holding more than 10% shares of the Company for more than 90 consecutive days may convene and preside over such meeting on their own initiative. In the case that the proposing shareholders convene and preside over such meeting on their own initiative due to the failure of the Board of Directors and the Board of Supervisors to convene such meeting upon request, the reasonable expenses incurred from convening and holding of such meeting shall be borne by the Company and deducted from the remuneration that shall be paid to the defaulted directors owed by the Company.

2. Shareholders to Convene a Meeting for a Certain Class of Shareholders

According to the Articles of Association, in the case that shareholders request the convening of a meeting for a certain class of shareholders, the following procedures shall be followed: 1. two or more shareholders jointly holding more than 10% (including 10%) of the voting shares at a proposed meeting may sign one or several copies of written request with the same format and particulars to be submitted to the Board of Directors for convening a class meeting, and state the agenda of the meeting. The Board of Directors shall, after receipt of such written request, convene the class meeting as soon as possible. The number of shares held as referred to above shall be calculated on the basis of the date of making the written request by the shareholders. 2. in the event that the Board of Directors does not issue a notice to convene the meeting within 30 days of receiving such written request, the shareholders who have made such request may convene such meeting on their own initiative within four months after the Board of Directors' receipt of the request. The procedures for convening the meeting shall be as similar as possible to the Board of Directors' procedures for convening a general meeting.

Section X Company Governance and Corporate Governance Report

3. Procedures for Putting Forward Enquiries to the Board of Directors and Relevant Contact Details

According to the Articles of Association, in the case that a shareholder proposes to access or obtain relevant information provided for in the Articles of Association of the Company, written proof of category and quantity of shares held by the shareholder shall be provided to the Company, and the Company shall provide relevant information according to the request after the Company checks and confirms the identity of the shareholder and the shareholder pays for the cost and expenses incurred.

The Company has disclosed its address, hotline for investor relationship, fax and email in the Company website and the periodical reports, and arranges manpower specially for taking calls from investors, handling investors' emails, and timely reporting to the Company's management. Please see "II. Contact Person and Contact Methods" & "III. Basic Information" of "Section III Corporate Profile and Principal Financial Indicators" for contact information of the Company.

4. Procedures for Proposing a Resolution to the General Meeting and Contact Details

According to the Rules of Procedure of the General Meeting, shareholders individually or jointly holding more than 3% of shares of the Company may bring forward provisional proposals and submit the same in writing to the convener ten days prior to the general meeting. The convener shall issue a supplementary notice of the general meeting within two days of receiving the proposals to publish particulars of the provisional proposals. The proposals shall be within the scope of power of the meeting, with clear agenda and resolutions, in compliance with relevant laws, regulations, administration rules and the Articles of Association and in writing.

The notice of general meeting shall contain the following information: designated venue, date, time and duration of the meeting, time and place of serving a power of attorney of the voting proxy at the meeting, the record date on which shareholders have the right to attend the general meeting, and the names and telephone numbers of contact persons for the affairs of the meeting.

Please see the "II. Contact Person and Contact Methods" & "III. Basic Information" of "Section III Corporate Profile and Principal Financial Indicators" for contact information of the Company.

5. THE BOARD OF DIRECTORS AND THE MANAGEMENT

1. The Board of Directors

The Board of Directors is the permanent organization for the operation and decision making of the Company, and shall report to the general meeting. The Board of Directors shall consist of nine directors, among which three are independent non-executive directors. The Board of Directors shall have one chairman and one vice chairman.

Mr. Cho Tak Wong is the chairman of the Board of Directors, and the Mr. Zuo Min is the president of the Company. The Board of Directors and the management have respective responsibilities, and the division of power and duty is in strict compliance with the Article of Association, Rule of Procedure of the Board of Directors, the Code on Work for the President, and relevant laws and regulations. '



Section X Company Governance and Corporate Governance Report

The Board of Directors shall exercise the following powers: convening general meetings and presenting reports thereto; implementing the resolutions made at the general meetings; determining the Company's business and investment plans; working out the Company's annual financial budget plans and final account plans; working out the Company's profit distribution plans and loss recovery plans; working out the Company's plans on the increase or reduction of registered capital, as well as on the issuance of bonds or other securities and listing plans; formulating proposals for material acquisitions, purchase of shares of the Company, merger, split-up, dissolution and change of the Company form; deciding on external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, etc. of the Company within the scope authorized by the general meeting; making decisions on the establishment of the Company's internal management departments; appointing or dismissing the Company's president and the secretary to the Board of Directors and determine their remunerations, rewards and punishments; appointing or dismissing the Company's vice president, chief financial officer and other senior executives and determine their remunerations, rewards and punishments according to the suggestion of the president; working out the Company's basic management system; formulating the proposals for any amendment to the Articles of Association; managing the information disclosure of the Company; proposing the employment or replacement of the accounting firm which audits the Company's accounts to the general meeting; hearing the work report of the president of the Company and examining the president's work; exercising other powers conferred by laws, administrative regulations, departmental rules or the Articles of Association. At the same time, the Board of Directors shall duly formulate and review all types of corporate governance policies; encourage and supervise the training and continuing professional development of directors and senior management; review and monitor the compliance of the Company with applicable laws, regulations and all kinds of rules; formulate, review and examine the employees and directors of the Company in complying with all kinds of rules and regulations and employee manuals; supervise the Company's compliance with Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules; and ensure full disclosure in accordance with relevant regulatory requirements regarding corporate governance in the annual report. Each of the Directors also acknowledged their responsibilities for preparation of financial statements of the Company for the year ended December 31, 2015.

During the Reporting Period, the Board has evaluated and confirmed the internal monitoring system as effective and adequate.

The Board of Directors establishes the Nomination Committee, the Strategic Development Committee, the Remuneration and Assessment Committee and the Audit Committee. The Committees have respective terms of reference, report to the Board of Directors, and provide suggestions and consultations to the Board of Directors in decision making under the lead of the Board of Directors. The Committees may hire professional parties for independent opinions, and the expenses incurred shall be borne by the company.

During the Reporting Period, in order to further enhance the scientificity of the decision making by the Board of Directors, to enhance the regulated and efficient operation of the Board of Directors, the Board of Directors actively developed channel of information communication, launched inspections and research over specific topics, strengthened the communication with the management, and timely addressed the critical issues.

During the Reporting Period, all the members of the Board of Directors worked in an earnest and diligent manner in strict compliance with the Articles of Association, Rule of Procedure of the Board of Director, and the terms of reference of respective committees.

Section X Company Governance and Corporate Governance Report

As at the end of the Reporting Period, the eighth session of the Board of Directors of the Company consists of 9 members: Mr. Cho Tak Wong, Mr. Chen Xiangming and Mr. Chen Jicheng as executive directors, Mr. Tso Fai, Mr. Wu Shinong and Ms. Zhu Dezhen as non-executive directors, and Mr. Wu Yuhui, Ms. Cheng Yan and Ms. Liu Xiaozhi as independent non-executive directors. Mr. Cho Tak Wong is the chairman of the Company's Board of Directors, and the term of his office is same as that of the eighth session of the Board of Directors.

Except the working relationship and the relationship between Mr. Cho Tak Wong, the chairman of the Board of Directors, and Mr. Tso Fai, the vice chairman of the Board of Directors, as father and son, the members of the Board of Directors are not related in terms of finance, business and family. They also have no other material relations.

During the Reporting Period, the Board of Directors convened five meetings, considered and approved 65 resolutions.

2. The Management

The president of the Company is responsible for the business operations and management of the Company and the implementation of resolutions of the Board of Directors, and shall report on his work to the Board of Directors. The Company shall have one president, four to six vice presidents and one chief financial officer. The president shall be appointed or dismissed by the Board of Directors, while the vice presidents, chief financial officer and other senior managers shall be appointed or dismissed by the Board of Directors upon the proposals submitted by the president.

The president exercises the following powers: managing the business operations of the Company, implementing resolutions of the Board of Directors, and reporting his work to the Board of Directors; organizing the Company's annual business plans and investment plans; preparing the plan for the internal management setup of the Company; to draft the basic management system of the Company; formulating the Company's specific rules; proposing to the Board of Directors to appoint or dismiss vice president and chief financial officer; deciding to appoint or dismiss executives other than those appointed or dismissed by the Board of Directors and exercising other powers conferred by the Articles of Association or the Board of Directors.

In accordance with the requirements of the Board of Directors, the president shall timely provide to the Board of Directors important information including information of the Company relevant to the operation results, important transactions and contracts, financial position and the prospect of operations, regularly report to the Board of Directors on his work, and guarantee the reports are true, objective and complete.



Section X Company Governance and Corporate Governance Report

6. THE PERFORMANCE OF DUTIES OF THE DIRECTORS

(I) Directors' Attendance at the Meetings Board of Directors and General Meeting

Name of Directors	Whether he/she is an independent director	Number of meetings of the Board of Directors required to be attended	Attendance at meetings of the Board of Directors				Number of absences	Whether he/she was absent for two consecutive meetings	Attendance at the General meetings number of General Meetings attended	Attendance rate (%)
			Number of times of attendance in person	Number of times of attendance through communication	Attendance rate (%)	Number of times of attendance by proxy				
Cho Tak Wong	No	5	3	2	100		No	2	100	
Tso Fai	No	5	3	2	100		No	1	50	
Bai Zhaohua	No	3	1	2	100		No	1	50	
Chen Xiangming	No	5	3	2	100		No	2	100	
Chen Jicheng	No	-	-	-	-	-	No	-	-	
Wu Shinong	No	5	3	2	100		No	2	100	
Zhu Dezhen	No	5	3	2	100		No	2	100	
Cheng Yan	Yes	5	2	2	80	1	No	1	50	
Liu Xiaozhi	Yes	5	2	2	80	1	No	1	50	
Wu Yuhui	Yes	5	3	2	100		No	2	100	

Notes:

- On July 2, 2015, the Company disclosed the Change in Directors and Management on the Hong Kong Stock Exchange and the Announcement of Fuyao Glass Relevant to the Resignation of President Mr. Tso Fai and Director and Vice President Mr. Bai Zhaohua on the SSE. Mr. Bai Zhaohua tendered his resignation as a director and vice president of the Company to the Board of Directors due to his age and work adjustment, with effect from July 1, 2015. On the 2015 first extraordinary general meeting convened on 26 October 2015, Mr. Cheng Jicheng was elected as an executive director of the eighth session of the Board of Directors, and the term of service would last till the end of the term of service of the eighth session of the Board of Directors.
- Ms. Cheng Yan was unable to attend the 2015 first extraordinary general meeting convened on 26 October 2015 as she was on a business trip.

Information of two consecutive failures of attending the meeting of the Board of Directors in person

During the Reporting Period, there was no occurrence of two consecutive failures of attending the meeting of the Board of Directors in person by the directors of the Company.

Number of general meetings convened during the year	2
Number of meetings of the Board of Directors convened during the year	5
Among them: physical meetings convened	3
Meetings convened through communications	2
Meetings convened in combine of physical meetings and meetings through communications	0

Section X Company Governance and Corporate Governance Report

(II) Training of the Directors

All directors have participated in continuous professional development program, in order to update their knowledge and skills, hence ensuring they could make relevant contributions with precise grasp of information, and to make sure they could fully understand their responsibilities, duties and obligations as a director of a company listed on two stock exchanges.

As of December 31, 2015, all directors have received trainings in accordance with the rules relevant to the continuous professional development under the Corporate Governance Code. Their records of training as of December 31, 2015 are as follows:

Director	Duration of training (Hours)	
	A	H
Executive directors		
Cho Tak Wong	18	6
Chen Xiangming	36	22
Chen Jicheng	18	6
Bai Zhaohua (now as a supervisor, resigned as an executive director on July 1, 2015)	18	6
Non-executive directors		
Tso Fai	18	6
Wu Shinong	18	6
Zhu Dezhen	42	6
Independent non-executive directors		
Wu Yuhui	48	6
Liu Xiaozhi	18	6
Cheng Yan	18	6

Note:

A: Trainings on the rules issued by the SSE and directors' responsibilities.

H: Trainings on the rules issued by the Hong Kong Stock Exchange and directors' responsibilities.

(III) The Performance of the Duty of Corporate Governance of the Board of Directors

According to the requirements of the regulations of the place of listing, the Board of Directors stringently discharged its responsibility of corporate governance according article 7 of the Rules of Procedure of the Board of Directors. The relevant duties include but not limited to:

- To develop and review the Company's policies and practices on corporate governance and make recommendation. During the Reporting Period, the Board of Directors modified the Articles of association, Rules of Procedure of the Board of Directors, Terms of Reference for the Audit Committee, Terms of Reference for the Nomination Committee, Terms of Reference for the Remuneration and Assessment Committee and the Rules of Procedure of Online Voting in General Meetings.
- To review and monitor the training and continuous professional development of directors and senior management. During the Reporting Period, the Board of Directors timely informed the directors and senior management of the relevant rules and regulations so as to enable them to continuously develop their professional skills and capabilities to discharge their duties.

Section X Company Governance and Corporate Governance Report

- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements. The Board of Directors constantly pay attention to the compliance of the operation of the Company. The Company established the legal department and hired counsels to ensure the compliance by the Company with the requirements of laws and regulations.
- To review the Company's compliance with the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules and disclosure in the Corporate Governance Report. The Board of Directors required the Company to stringently follow the requirements relevant to the corporate governance of the stock exchanges where the shares of the Company are listed, and to timely disclose information relevant to corporate governance.

VII. THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE PRESIDENT

To ensure the balanced distribution of power and to enhance the independence and accountability, the duty of chairman of the Board of Directors and the president (equivalent to the chief executive officer mentioned in the Corporate Governance Code) are undertaken by Mr. Cho Tak Wong and Mr. Zuo Min respectively.

The chairman of the Board of Directors is the legal representative of the Company, and shall exercise the following duties: presiding over general meetings and convening and presiding over meetings of the Board of Directors; supervising and reviewing the implementation of resolutions passed at the meeting of the Board of Directors; executing the securities issued by the Company; executing important documents of the Board of Directors and other documents that shall be signed by the legal representative of the Company; exercising the authorities of legal representatives, etc. The chairman of the Board of Directors shall report to the Board of Directors.

The president exercises the following powers: managing the business operations of the Company, implementing the resolutions of the Board of Directors, and reporting his work to the Board of Directors; executing the Company's annual business plans and investment plans, etc. In accordance with the requirements of the Board of Directors, the president shall timely provide to the Board of Directors important information including the information of the Company relevant to the operation results, important transactions and contracts, financial position and the prospect of operations, regularly report to the Board of Directors on his work, and guarantee the reports are true, objective and complete.

The respective duties of the Chairman of the Board of Directors and the president are clearly outlined and set forth in the Articles of Association.

VIII. INDEPENDENT NON-EXECUTIVE DIRECTORS

According to the Rules of Procedure of the Board of Directors of the Company, the term of office of the directors shall be three years and may be reappointed upon re-election, but the consecutive term of office of the independent non-executive directors shall not exceed six years. On December 31, 2015, the Board of Directors consisted of nine members, among whom three were independent directors, and Mr. Wu Yuhui possesses the qualifications of accounting and financial management. The composition of the Board of Directors of the Company was in compliance with the regulations of Rule 3.10(1) "The Board of Directors must consist of at least three independent non-executive directors", Rule 3.10A "independent non-executive directors must take up at least a proportion of one-third of the members of the Board of Directors", and Rule 3.10(2) "one of the independent non-executive directors must possess appropriate professional qualifications, or possess appropriate accounting and relevant financial management specialties" of the Hong Kong Listing Rules.

The Company received the letter of confirmation made relevant to their independency in accordance with Rule 3.13 of the Hong Kong Listing Rules from all the independent non-executive directors, and the Company considered and confirmed their independent status. All independent non-executive directors could express opinions objectively and independently, ensured the independency and fairness of the Board of Directors' decisions.

Section X Company Governance and Corporate Governance Report

IX. INFORMATION CONCERNING OBJECTIONS RAISED BY INDEPENDENT NON-EXECUTIVE DIRECTORS

During the Reporting Period, no objection concerning the resolutions of the Board of Directors and other resolutions was raised by the independent non-executive directors.

X. KEY OPINIONS AND PROPOSALS BROUGHT FORWARD BY SPECIAL COMMITTEES UNDER THE BOARD OF DIRECTORS IN DISCHARGING DUTIES DURING THE REPORTING PERIOD, AND DETAILS OF OBJECTIONS (IF ANY)

Four special committees established by the Board of Directors of the Company, the Strategic Development Committee, the Audit Committee, the Nomination Committee and the Remuneration and Assessment Committee, worked stringently in accordance with the law, regulations, Articles of Association and the relevant regulations of their respective Terms of Reference. The committees fulfilled their duties, concretely exercised the duties and powers granted by the Board of Directors, positively affected the optimization of the corporate governance structure and the enhancement of the Company's development. During the Reporting Period, the Board of Directors has not raised any objections to the resolutions of the Board of Directors and other resolutions.

(I) The Strategy and Development Committee

The Company has established the 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 to and hold responsibility for the Board of Directors. The Strategy and Development Committee consists of three members; the head of the committee was Mr. Cho Tak Wong, the chairman of the Board of Directors of the Company and an executive director, and the other members are Mr. Tso Fai, a non-executive director and Ms. Cheng Yan, an independent non-executive director. The scope of duty and authority of the Strategy and Development Committee was announced in writing on the websites of the Company and the SSE.

During the Reporting Period, the Strategic Development Committee performed its duties in accordance with the Company Law, Articles of Association, the Terms of Reference of the Strategic Development Committee and requirements of relevant law and regulations. 2 meetings were convened and all resolutions were approved with no objections. The details are as follow:

Meeting	Date	Topic	Attendance
The first meeting of the eighth session (physical meeting)	February 15, 2015	1. Consideration of the Resolution in relation to the Company's Development Strategy; 2. Consideration of the Resolution in relation to the Company's 2015 Development Plan	Mr. Cho Tak Wong, Mr. Tso Fai, Ms. Cheng Yan attended the meeting
The second meeting of the eighth session (meeting through communications)	April 10, 2015	Consideration of the Resolution in relation to the Establishment of Tianjin Fuyao Glass Limited (tentative name) in the Tianjin Gaotai Technology Industry Park	Mr. Cho Tak Wong, Mr. Tso Fai, Ms. Cheng Yan attended the meeting

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(II) 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 the non-executive directors of the Company (including two independent non-executive directors). The chairman of the Audit Committee is Mr. Wu Yuhui, an independent non-executive director, who possesses the professional qualifications as provided in the Rule 3.10(2) of the Hong Kong Listing Rules. The other members of the Audit Committee are Ms. Cheng Yan, an independent non-executive director, and Ms. Zhu Dezhen, a non-executive director. The scope of duty and authority of the Audit Committee was announced in writing on the websites of the Company, the SSE and the Hong Kong Stock Exchange.

During the Reporting Period, the Audit Committee convened meetings to jointly consider the financial position, accounting policy, internal control system and relevant financial issues, expressed opinions on issues relevant to the appointment of external audit institutions, listened to the audit and inspection reports on the financial reports by the external audit institution in order to ensure the financial statements, reports and other relevant information were complete, fair and accurate, guided the internal audit work to supervise the establishment and optimization of the Company's internal audit system, evaluated the effectiveness of internal control, guided the audit department of the Company on implementing the management of conflict of interest, reviewed the continuous connected transaction, etc. The Audit Committee further established a comprehensive, sound and effective internal control system.

The Audit Committee considered that: PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) ("PwC") as the appointed audit institution of the Company, has the qualification of engaging in securities relevant business, and the capability to well accomplish the work assigned by the Company. PwC has adhered to the principles of being independent, objective and impartial, complied with Chinese Certified Public Accountants Auditing Standards and Code of Ethics for Chinese Certified Public Accountants, and diligently fulfilled their auditing duties with a rigorous and realistic, independent and objective attitude. For the abovementioned reasons, after consideration and voting, the Audit Committee decided to recommend to continue appointing PwC as the auditors of the Company for the year 2015.

During the Reporting Period, the Audit Committee held 2 meetings with the auditors engaged by the Company.

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During the Reporting Period, the Audit Committee performed its duties in accordance with the Company Law, Articles of Association, the Rules of Procedure of the Audit Committee and requirements of relevant law and regulations. 4 meetings were convened and all resolutions were approved with no objections. The details are as follows:

Meeting	Date	Topic	Attendance
The second meeting of the eighth session (physical meeting)	February 15, 2015	<ol style="list-style-type: none"> 1. Consideration of the 2014 Final Financial Accounts; 2. Consideration of the 2014 Annual Report and Summary of Annual Report; 3. Consideration of 2014 Annual Audit Work Summary Report of PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership); 4. Consideration of the Resolution in relation to Appointing of PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) as the External Audit Institution for the 2015 Annual Financial Statements and the internal control of the Company; 5. Consideration of the Resolution in relation to Changes in Accounting Policies; 6. Consideration of the "Fuyao Glass Industry Group Co., Ltd. 2014 Annual Internal Control Evaluation Report"; 7. Consideration of the 2014 Annual Performance Report of the Audit Committee; 8. Consideration of the Annual Work Summary of the Audit Department 	Mr. Wu Yuhui, Ms. Cheng Yan, Ms. Zhu Dezhen attended the meeting
The third meeting of the eighth session (meeting through communications)	April 10, 2015	Consideration of the full text of 2015 First Quarter Report of the Company	Mr. Wu Yuhui, Ms. Cheng Yan, Ms. Zhu Dezhen attended the meeting
The fourth meeting of the eighth session (physical meeting)	August 22, 2015	Consideration of the Resolution relevant to the 2015 Interim Report of the Company and Summary	Mr. Wu Yuhui, Ms. Cheng Yan, Ms. Zhu Dezhen attended the meeting
The fifth meeting of the eighth session (physical meeting)	October 26, 2015	Consideration of the full text of 2015 Third Quarter Report of the Company	Mr. Wu Yuhui, Ms. Zhu Dezhen attended the meeting, Ms. Cheng Yan delegated Mr. Wu Yuhui to vote on her behalf as she was on a business trip



Section X Company Governance and Corporate Governance Report

(III) Nomination Committee

The Company has established a nomination committee in accordance with code provision A.5.1 and A.5.2 under the Corporate Governance Code 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 Ms. Cheng Yan, an independent non-executive director and the other members are Ms. Liu Xiaozhi, an independent non-executive director, and Mr. Tso Fai, a non-executive director. The scope of duty and authority of the Nomination Committee was announced in writing on the websites of the Company, the SSE and the HKEx.

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

During the Reporting Period, the Nomination Committee considered and approved "Resolution in Relation to Formulation of Board Diversity Policy", in which it covers: 1. Policy statement: In designing the composition of the Board of Directors, the Company has considered the diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, expertise, skills, know-how and term of service. All appointments will be made in accordance with the principle of meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board of Directors. 2. Measureable objectives: Selection of candidates by the Company will be based on a range of diversity perspectives as criteria, including but not limited to gender, age, cultural and educational background, ethnicity, expertise, skills, know-how and term of service. The final decision will be made in accordance with the merits and possible contributions to the Board of Directors of the selected candidates.

During the Reporting Period, the Nomination Committee performed its duties in accordance with the Company Law, Articles of Association, and the Rules of Procedure of the Nomination Committee and requirements of relevant law and regulations. Two meetings were convened and all resolutions were approved with no objections. The details are as follow:

Meeting	Meeting Date	Topic	Attendance
The second meeting of the eighth session (physical meeting)	February 24, 2015	Consideration of the Resolution in relation to Board Diversity Policy	Mr. Tso Fai, Ms. Cheng Yan, Ms. Liu Xiaozhi attended the meeting
The third meeting of the eighth session (physical meeting)	August 22, 2015	<ol style="list-style-type: none"> 1. Consideration of the Resolution in relation to the Nomination of the Vice-chairman of the Board of Directors; 2. Consideration of the Resolution in relation to the Nomination of the Candidate for the Chairman of the Board of Directors; 3. Consideration of the Resolution in relation to the Nomination of the President of the Company; 4. Consideration of the Resolution in relation to the Nomination of the Chief Financial Officer of the Company; 5. Consideration of the Resolution in relation to the Nomination of the Vice President of the Company 	Mr. Tso Fai, Ms. Cheng Yan, Ms. Liu Xiaozhi attended the meeting

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(IV) 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 Ms. Liu Xiaozhi, an independent non-executive director, and the other members of the committee are Mr. Cho Tak Wong, the chairman of the Board of Directors and executive director of the Company, and Mr. Wu Yuhui, an independent non-executive director. The scope of duty and authority of the Remuneration and Assessment Committee was announced in writing on the websites of the Company, the SSE and the Hong Kong Stock Exchange.

During the Reporting Period, after the Remuneration and Assessment Committees carefully examined the actual completed production and operating results in 2014, the Committee reviewed the remuneration of the Company's directors and senior management disclosed in the 2014 Annual Report, and considered all the directors, supervisors and senior management achieved the annual operating results set by the company with diligence and dedication. The remuneration of directors, supervisors and senior management in 2014 was fair, reasonable and in compliance with relevant regulations and assessment criteria of the Company. In 2014, the Company did not implement any equity incentive scheme.

During the Reporting Period, the Remuneration and Assessment Committee performed its duties in accordance with the Company Law, Articles of Association, and the Rules of Procedure of the Remuneration and Assessment Committee and requirements of relevant law and regulations. One meeting was convened and all resolutions were approved with no objections. The details are as follows:

Meeting	Date	Topic	Attendance
The second meeting of the eighth session (physical meeting)	February 15, 2015	Consideration of the Consolidated Report of the Performance of the Remuneration and Assessment Committee of the Board of Directors	Mr. Cho Tak Wong, Mr. Wu Yuhui attended the meeting, Ms. Lin Xiaozhi delegated Mr. Wu Yuhui to vote on her behalf as she was on a business trip



Section X Company Governance and Corporate Governance Report

XI. THE BOARD OF SUPERVISORS

The Board of Supervisors is the supervisory organization of the Company, and shall be accountable to the general meeting. The Board of Supervisors of the Company consists of three members, including one chairman. The Board of Supervisors shall exercise the following powers: to examine the periodic reports of the Company prepared by the Board of Directors and produce written examination opinions thereon; to examine financial operations of the Company; to supervise the work of the directors and senior executives, and propose dismissal of directors and senior executives who have violated laws, administrative rules, the Articles of Association or the resolutions of general meetings; to require directors and senior executives to make corrections if their conduct has damaged the interests of the Company; to review financial reports, business reports and profit distribution plans to be submitted by the Board of Directors to the general meeting, and if there are any queries, to engage certified public accountants or practicing auditors in the name of the Company to assist in the review; to propose the convening of extraordinary general meetings and, in case the Board of Directors does not perform the obligations to convene and preside over the general meetings in accordance with Company Law, to convene and preside over the general meetings; to present proposals to general meetings; to coordinate with directors on behalf of the Company or bring legal proceedings against the Company's directors and senior executives in accordance with the Company Law; to conduct investigation if there are any unusual circumstances in the Company's operations, and if necessary, to engage an accounting firm, law firm or other professionals to assist in their work at the expenses of the Company; to exercise other powers specified by laws, administrative regulations, departmental rules, relevant provisions of the securities regulatory authority at the location where the shares of the Company are listed and the Articles of Association or conferred by the general meetings.

During the Reporting Period, the Board of Supervisors performed its duties in accordance with the Company Law, Articles of Association, and the Rules of Procedure of the Board of Supervisors and requirements of relevant laws and regulations. Four meetings were convened and all resolutions were approved with no objections. The details are as follows:

Meeting	Meeting Date	Topic	Attendance
The second meeting of the eighth session (physical meeting)	February 15, 2015	1. Consideration of the 2014 Work Report of the Board of Supervisors; 2. Consideration of the 2014 Final Financial Accounts; 3. Consideration of the 2014 Annual Report and Annual Report Summary; 4. Consideration of the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Tri-Wall Packaging (Fuzhou) Co., Ltd. for the Year of 2015; 5. Consideration of the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Fujian Fuyao Automobile Parts Limited for the Year of 2015; 6. Consideration of the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Ningbo Fuyao Automobile Parts Limited for the Year of 2015; 7. Consideration of the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Chongqing Fuyao Automobile Parts Limited for the Year of 2015; 8. Consideration of the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Hubei Jierui Automobile Glass Co., Ltd. for the Year of 2015; 9. Consideration of the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Hunan Jierui Automobile Glass Co., Ltd. for the Year of 2015; 10. Consideration of Resolution in relation to Changes in Accounting Policy; 11. Consideration of the Resolution in relation to Replacing Two Supervisors of the Company	Mr. Lin Houtan, Mr. Zhou Zunguang and Ms. Zhu Xuanli attended the meeting

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Meeting	Meeting Date	Topic	Attendance
The third meeting of the eighth session (meeting through communications)	April 10, 2015	Consideration of the full text of 2015 First Quarter Report of the Company	Mr. Lin Houtan, Mr. Chen Mingsen and Mr. Ni Shiyou attended the meeting
The fourth meeting of the eighth session (physical meeting)	August 22, 2015	1. Consideration of the Resolution in relation to the 2015 Interim Report of the Company and Summary; 2.Consideration of the Resolution in relation to the Election of the Chairman of the Eighth Session of the Board of Supervisors; 3. Consideration of the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Fujian Triplex Machinery Technology Co., Ltd. for the Second Half of the Year of 2015 and Year of 2016; 4. Consideration of the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Fujian Triplex Auto Parts Development Co., Ltd. for the Second Half of the Year of 2015 and Year of 2016	Mr. Bai Zhaohua, Mr. Chen Mingsen and Mr. Ni Shiyou attended the meeting
The fifth meeting of the eighth session (physical meeting)	October 26, 2015	1. Consideration of the full text of 2015 Third Quarter Report of the Company; 2. Consideration of the Resolution in relation to the Lease of Properties from Fujian Yaohua Industrial Village Development Co., Ltd. by the Company; 3. Consideration of the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Tri-Wall Packaging (Fuzhou) Co., Ltd. for the Year of 2015; 4. Consideration of the Resolution in relation to the Projected Continuing Connected Transaction between the Company and Fujian Hongxiecheng Automobile Parts Co., Ltd. from January to July of the Year of 2016; 5. Consideration of the Resolution in relation to the Projected Continuing Connected Transaction between the Company and Ningbo Hongxiecheng Automobile Parts Co., Ltd. from January to July of the Year of 2016; 6. Consideration of the Resolution in relation to the Projected Continuing Connected Transaction between the Company and Chongqing Hongxiecheng Automobile Parts Co., Ltd. from January to July of the Year of 2016; 7. Consideration of the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Fujian Triplex Auto Parts Development Co., Ltd. for the Year of 2016; 8. Consideration of the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Fujian Triplex Machinery Technology Co., Ltd. for the Year of 2016	Mr. Bai Zhaohua, Mr. Chen Mingsen and Mr. Ni Shiyou attended the meeting



Section X Company Governance and Corporate Governance Report

XII. RISKS TO THE COMPANY DISCOVERED BY THE BOARD OF SUPERVISORS

The Board of Supervisors raised no objection to the issues supervised during the Reporting Period.

XIII. THE ESTABLISHMENT AND IMPLEMENTATION OF ASSESSMENT SYSTEM AND INCENTIVE SYSTEM FOR THE SENIOR MANAGEMENT DURING THE REPORTING PERIOD

The Remuneration and Assessment Committee performed assessment concerning the performance and implementation of duty of the senior management according to the actual completed production and operating results of the Company in 2015, to ensure the remuneration of the senior management was closely linked to their management and operations results, and thus strengthen the incentive effect of the assessment. During the Reporting Period, the Company did not implement any equity incentive scheme.

XIV. SECURITIES TRANSACTIONS OF DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

The Board of Directors has adopted the Model Code as a guide for the securities transactions of directors, supervisors and relevant employees. As informed after individual inquiry by the Company, all directors, supervisors and the employees (as defined in Model Code) were confirmed to be in line with the required standards.

XV. INTEREST OF BUSINESS COMPETITION

No director or controlling shareholder of the Company holds any interest in any business in competition with or may compete with any business of the Company or its subsidiaries.

XVI. INTEREST OF TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF DIRECTORS, SUPERVISORS (AND CONNECTED ENTITIES)

During the Reporting Period and as at the end of the Reporting Period, except those already disclosed in relevant announcements or this report, no directors, supervisors (and connected entities) possess, directly or indirectly, substantial interest in the transactions, arrangements or contracts which are deemed by the Company important and were entered into by the Company, its subsidiaries or the subsidiaries of its holding companies.

XVII. CONTRACT OF SERVICE OF DIRECTORS AND SUPERVISORS

None of the contracts of service entered into by the existing directors and supervisors of the eighth session of the Board of Directors and the Board of Supervisors with the Company could not be terminated without compensation (except legal compensation) by the Company within one year.

XVIII. MANAGEMENT CONTRACTS

Except the contracts of service of the Company's management, the Company has not entered into any contacts with any person or any corporate group concerning the management or operation of any department or any important parts of the business of the Company.

Section X Company Governance and Corporate Governance Report

XIX. INFORMATION DISCLOSURE AND INVESTOR RELATIONSHIP

The Company regards information disclosure and investor relationship as very important work. In 2015, in accordance with the relevant regulations of the regulatory authorities such as the CSRC, the SSE and the Hong Kong Stock Exchange, the Company well organized and implemented the true, accurate, complete, timely and fair disclosure of information. Meanwhile, the Company further strengthened communication with investors, analysts, financial media, and effectively protected the legitimate rights and interests of investors, especially small investors. The Company communicated with the investors through channels such as non-deal roadshows, earnings call, conference calls, visits reception, investor relations hotline dedicated mailbox, “the Shanghai interactive e” platform pipeline. The Company also set the website www.fuyaogroup.com, for public inspection of the Company’s business development and management, financial information, corporate governance practices and information and updates about other information.

XX. SIGNIFICANT CHANGE IN THE ARTICLES OF ASSOCIATION DURING THE REPORTING PERIOD

To comply with the Hong Kong Listing Rules and the requirements under “Mandatory Provisions in Articles of Association of Companies Listed Overseas”, the Company conducted a comprehensive revision of its Articles of Association, and the revised Articles of Association entered into force on March 31, 2015 (i.e. the listing date of H shares of the Company). Thereafter, according to the “Rules of Shareholders of Listed Companies of the General Assembly (2014 Amendment)”, “Articles of Association of Listed Companies Guidelines (2014 Amendment)” and other regulations issued by the CSRC and the actual situation of the Company, the Company amended Article 84 of its Articles of Association, which was adopted in 2015 first extraordinary general meeting of the Company on 26 October 2015. Please refer to the websites of the SSE (www.sse.com.cn), the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company website for the full text of revised Articles of Association.

XXI. REMUNERATION OF THE AUDITOR

Please refer to “III The Appointment and Dismissal of Accountants” of “Section VII Significant Events of the report for details of the remuneration of the auditors

XXII. JOINT COMPANY SECRETARY

Mr. Chen Xiangming, an executive director, a joint company secretary and the chief financial officer of the Company, was responsible for providing opinions concerning corporate governance to the Board of Directors, and the organization and record-keeping of the general meeting and meetings of the Board of the Directors of the Company.

To maintain good corporate governance, and to ensure compliance with the Hong Kong Listing Rules, the Company has engaged Ms. Kam Mei Ha, Wendy (a director of the Corporate Services Department of Tricor Services Limited, a fellow member of Hong Kong Institute of Chartered Secretaries and Chartered Secretaries and Administrators Association) as a joint company secretary, to assist Mr. Chen Xiangming to fulfill his obligations and responsibilities. The primary contact person of Ms. Kam Mei Ha, Wendy is Mr. Chen Xiangming.

In 2015, Mr. Chen Xiangming and Ms. Kam Mei Ha, Wendy were in compliance with the training requirements as stipulated in Rule 3.29 of the Hong Kong Listing Rules.

Section X Company Governance and Corporate Governance Report

XXIII. WHETHER TO DISCLOSE INTERNAL SELF EVALUATION REPORT

Please refer to Shanghai Securities News, China Securities News, Securities Times, Shanghai Stock Exchange (<http://www.sse.com.cn>) and Hong Kong Stock Exchange's website (<http://www.hkexnews.hk>) dated March 21, 2016 for the detailed Internal Control Self Evaluation Report.

XXIV. RELEVANT INFORMATION OF INTERNAL CONTROL AUDIT REPORT

(I) Statement of the Responsibilities for Internal Control

The Board of Directors is responsible for evaluation of the effectiveness of the establishment and implementation of internal controls, and the truthful disclosure of internal control evaluation report. In accordance with the relevant requirements of Company Law, Securities Law, Accounting Law, Basic Regulation of Internal Control and its supporting guidelines, the Internal Control Guidelines for Listed Companies, and other internal control supervisory requirements and regulations, the Board of Directors has established and improved the risk control measures in all aspects with a risk-oriented approach, which is known as the risk management internal control management system. The system is intended to manage rather than eliminate the risk of failure to achieve our business objectives, and the Board of Directors of the Company can only provide reasonable rather than absolute assurance against material misstatement or loss. In the 2015, according to internal and external business environment changes, the Company's business development and regulations, revision of the internal control system evaluation criteria is organized to ensure that the annual internal risk management evaluation of this year was more realistic, scientific and efficient. Also, on-site assistance for tests on the effectiveness of the internal control system was concretely implemented, so as to ensure the deepening idea of risk management and reasonable control of the Company, and to make sure that regulations for all operations and management of the Company, the operation, risk prevention, assets security, financial reports and information disclosure are all regulated and thus the effectiveness and efficiency were increased, enhancing the Company's implementation of development strategy.

(II) The Establishment of Internal Control System

The Company has always been dedicated to the establishment of an internal control system in line with international standards and regulatory requirements, and keeps optimizing the internal control system based on its risk exposure and control conditions.

In the aspects of the risk-oriented internal control system and structure, according to the requirements of relevant laws and regulations, regulatory requirements and internal systems, the Company has established an internal control system with sound organizational structure, clear responsibilities, and clear division of labor and sophisticated staffing. The Board of Directors is responsible for the establishment and effective implementation of the risk-oriented internal control. Audit Committee and audit department were set under the Board of Directors. Under the leadership of the Board of Directors and the supervision and guidance of the Audit Committee, the audit department supervised, reviewed, evaluated and implemented internal control on the risk control of the Company and its holding company subsidiaries, coordinated the internal control audit and other relevant issues. The Board of Supervisors supervised the internal control system built and implemented by the Board of Directors. The management was responsible for leading an effective operation of the risk-oriented internal control system. During the Reporting Period, the Board of Directors reviewed the internal control system and considered it effective and adequate.

Section X Company Governance and Corporate Governance Report

During the Reporting Period, in accordance with the laws and regulations of the PRC, in aiming of building a top-tier modern international enterprise, in combination with the need of management of the Company, the Company implemented the “regulation+1” compliance concept, fulfilled and insisted the principle of “clear aim, comprehensive coverage, regulated operation, appropriate implementation, forceful supervision”, constantly improved the risk-oriented internal control and evaluation system. Meanwhile, the Company actively consolidated the local and international regulators’ advanced standards, measures and tools of risk control, constructing a standardized internal control system of risk control.

During the Reporting Period, the Company established the internal control system of material information, and procedures and internal supervisory measures addressing and disseminating price-sensitive information. The Company established and improved systems relating to information disclosure, sensitive information verification, and registration and management system of inside information in accordance with the regulatory requirements to prevent the inappropriate use and disseminating of sensitive information. Meanwhile, the Company carried out information disclosure in a true, accurate, complete, and responsive manner pursuant to the laws and regulations and requirements under the Hong Kong Listing Rules, the Articles of Association, and Administrative Measures for the Disclosure of Information of Listed Companies, so as to ensure equal opportunities of all investors to timely access relevant information of the Company.

In 2015 the audit department of the Company organized and coordinated the annual revision of the list of risk management, defined risk appetite, as well as the supporting internal control system and evaluation system to ensure appropriateness of the risk management-oriented internal control system to be integrated into business and processes. Meanwhile, the Company further enhanced the coordination and corporation of the three lines of defense: “the self-evaluation of the business and functional departments, the self-evaluation of the audit department, the internal audit implemented by the appointed auditors”, enhanced the smooth operation of the internal control system as a whole, strengthened the business departments’ ability to directly assume the responsibilities of risk management and control, achieved a daily operation of the risk management internal control of “risk control awareness for all, internal control participation for all, and compliance responsibility for all”, safeguarding the Company in its journey to the achieve its great strategic objectives.

(III) Internal control audit report

PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) issued an internal control audit report for the Company, and considered that the Company has maintained effective financial report control in all critical aspects in accordance with the Basic Regulations for Corporate Internal Control and other relevant regulations as of December 31, 2015.

Whether to disclose the internal control audit report: Yes.



Section XI Financial report

I. INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FUYAO GLASS INDUSTRY GROUP CO., LTD.

(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Fuyao Glass Industry Group Co., Ltd. (福耀玻璃工業集團股份有限公司, the "Company") and its subsidiaries set out on pages 100 to 175, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 19 March 2016

Section XI Financial report

II. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet

As at 31 December 2015

		As at 31 December	
		2015 RMB'000	2014 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	10,806,529	8,822,546
Leasehold land and land use rights	7	1,067,429	874,692
Intangible assets	8	153,912	156,877
Investments in joint ventures	9	46,449	161,045
Long-term prepaid rental expenses	10	44,851	56,166
Deferred income tax assets	11	204,649	189,318
		12,323,819	10,260,644
Current assets			
Inventories	12	2,494,921	2,169,036
Trade and other receivables	13	3,783,579	3,548,756
Derivative financial instruments		—	3,687
Restricted cash	14	13,687	8,089
Cash and cash equivalents	14	5,905,158	499,072
		12,197,345	6,228,640
Assets of disposal group classified as held-for-sale	15(a)	320,468	401,653
		12,517,813	6,630,293
Total assets		24,841,632	16,890,937
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	16	2,508,618	2,002,986
Share premium	17	6,202,553	184,347
Other reserves	17	1,098,091	873,803
Retained earnings	18	6,614,026	5,752,510
		16,423,288	8,813,646
Non-controlling interests		6,439	4,320
Total equity		16,429,727	8,817,966

Section XI Financial report

II. CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Consolidated Balance Sheet (Continued)

As at 31 December 2015

		As at 31 December	
	Note	2015 RMB'000	2014 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	19	848,000	1,212,558
Deferred income tax liabilities	11	92,583	73,755
Deferred income on government grants	20	368,472	335,893
		1,309,055	1,622,206
Current liabilities			
Trade and other payables	21	2,940,670	2,795,198
Current income tax liabilities		262,137	282,477
Borrowings	19	3,871,051	3,335,627
Derivative financial instruments	3.1(c)	925	1,703
Current portion of deferred income on government grants	20	18,515	14,074
		7,093,298	6,429,079
Liabilities of disposal group classified as held-for-sale	15(b)	9,552	21,686
		7,102,850	6,450,765
Total liabilities		8,411,905	8,072,971
Total equity and liabilities		24,841,632	16,890,937

The notes on pages 107 to 175 are an integral part of these consolidated financial statements.

Section XI Financial report

II. CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Consolidated Income Statement

For the year ended 31 December 2015

		Year ended 31 December	
		2015	2014
		RMB'000	RMB'000
	Note		
Revenue	22	13,573,495	12,928,182
Cost of sales	22, 25	(7,938,515)	(7,565,501)
Gross profit		5,634,980	5,362,681
Distribution costs and selling expenses	25	(1,020,585)	(982,165)
Administrative expenses	25	(1,287,869)	(1,031,342)
Research and development expenses	25	(592,889)	(517,924)
Other income	23	97,836	46,017
Other gains/(losses) – net	24	375,797	(43,091)
Operating profit		3,207,270	2,834,176
Finance income	27	19,725	14,362
Finance costs	27	(190,512)	(241,223)
Finance costs – net		(170,787)	(226,861)
Share of results of joint ventures	9	5,559	31,029
Profit before income tax		3,042,042	2,638,344
Income tax expense	28	(435,226)	(421,567)
Profit for the year		2,606,816	2,216,777
Profit attributable to:			
Equity holders of the Company		2,604,697	2,219,245
Non-controlling interests		2,119	(2,468)
Profit for the year		2,606,816	2,216,777
Earnings per share for profit attributable to equity holders of the Company during the year			
– Basic and diluted earnings per share (expressed in RMB per share)	29(a)	1.10	1.11

The notes on pages 107 to 175 are an integral part of these consolidated financial statements.

Section XI Financial report

II. CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Profit for the year	2,606,816	2,216,777
Other comprehensive income: <i>Items that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	(17,552)	(262,588)
Other comprehensive income for the year, net of tax	(17,552)	(262,588)
Total comprehensive income for the year	2,589,264	1,954,189
Total comprehensive income attributable to:		
Equity holders of the Company	2,587,145	1,956,657
Non-controlling interests	2,119	(2,468)
Total comprehensive income for the year	2,589,264	1,954,189

The notes on pages 107 to 175 are an integral part of these consolidated financial statements.

Section XI Financial report

II. CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

Note	Attributable to equity holders of the Company				Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (Note 16)	Share premium RMB'000 (Note 17)	Other reserves RMB'000 (Note 17)	Retained earnings RMB'000 (Note 18)			
Balance at 1 January 2014	2,002,986	184,347	943,770	4,727,379	7,858,482	3,113	7,861,595
Comprehensive income:							
Profit for the year	-	-	-	2,219,245	2,219,245	(2,468)	2,216,777
Other comprehensive income:							
Currency translation differences – Group	-	-	(262,588)	-	(262,588)	-	(262,588)
Total comprehensive income	-	-	(262,588)	2,219,245	1,956,657	(2,468)	1,954,189
Transaction with equity holders:							
Dividends relating to 2013	30	-	-	(1,001,493)	(1,001,493)	-	(1,001,493)
Capital injections from non-controlling interest		-	-	-	-	3,675	3,675
Total transactions with equity holders, recognised directly in equity		-	-	(1,001,493)	(1,001,493)	3,675	(997,818)
Appropriation to statutory reserve	17	-	-	192,621	(192,621)	-	-
Balance at 31 December 2014	<u>2,002,986</u>	<u>184,347</u>	<u>873,803</u>	<u>5,752,510</u>	<u>8,813,646</u>	<u>4,320</u>	<u>8,817,966</u>
Balance at 1 January 2015	2,002,986	184,347	873,803	5,752,510	8,813,646	4,320	8,817,966
Comprehensive income:							
Profit for the year	-	-	-	2,604,697	2,604,697	2,119	2,606,816
Other comprehensive income:							
Currency translation differences – Group	-	-	(17,552)	-	(17,552)	-	(17,552)
Total comprehensive income	-	-	(17,552)	2,604,697	2,587,145	2,119	2,589,264
Total transaction with equity holders:							
Proceeds from shares issued	30	505,632	6,018,206	-	6,523,838	-	6,523,838
Dividends relating to 2014		-	-	(1,502,240)	(1,502,240)	-	(1,502,240)
Capital injections from government authorities		-	-	900	900	-	900
Others		-	-	(1)	(1)	-	(1)
Total transaction with equity holders, recognised directly in equity		505,632	6,018,206	899	(1,502,240)	5,022,497	5,022,497
Appropriation to statutory reserve	17	-	-	240,941	(240,941)	-	-
Balance at 31 December 2015	<u>2,508,618</u>	<u>6,202,553</u>	<u>1,098,091</u>	<u>6,614,026</u>	<u>16,423,288</u>	<u>6,439</u>	<u>16,429,727</u>

The notes on pages 107 to 175 are an integral part of these consolidated financial statements.

Section XI Financial report

II. CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Consolidated Statement of Cash Flow

For the year ended 31 December 2015

		Year ended 31 December	
Note	2015 RMB'000	2014 RMB'000	
Cash flow from operating activities			
	Cash generated from operations	3,470,447	3,565,215
31(a)	Income tax paid	(470,101)	(434,639)
	Net cash generated from operating activities	3,000,346	3,130,576
Cash flow from investing activities			
	Proceeds from disposal of joint ventures	52,792	–
31(b)	Proceeds from disposal of property, plant and equipment	49,106	21,853
	Proceeds from disposal of leasehold land and land use right	–	50,000
	Proceeds from disposal of intangible assets	1,125	–
	Purchases of property, plant and equipment	(3,030,128)	(2,618,496)
	Purchases of leasehold land and land use rights	(215,211)	(115,357)
	Purchases of intangible assets	(10,203)	(59,612)
	Interest received	19,725	14,362
9	Dividends received	85,584	–
	(Increase)/decrease in restricted cash	(5,598)	2,786
20	Government grants received relating to property, plant and equipments	51,426	92,546
	Net cash used in investing activities	(3,001,382)	(2,611,918)

Section XI Financial report

II. CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Consolidated Statement of Cash Flow (Continued)

For the year ended 31 December 2015

	Note	Year ended 31 December	
		2015 RMB'000	2014 RMB'000
Cash flows from financing activities			
Capital injections from non-controlling interests of subsidiaries		–	3,675
Proceeds from issuance of ordinary shares		6,523,837	–
Proceeds from borrowings		7,534,188	6,995,607
Repayments of borrowings		(7,236,351)	(6,254,910)
Dividends paid to Company's shareholders		(1,502,240)	(1,001,493)
Interest paid		(212,269)	(245,722)
Capital injections from government authorities		900	–
		<hr/>	<hr/>
Net cash generated from/(used in) financing activities		5,108,065	(502,843)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		5,107,029	15,815
Cash and cash equivalents at beginning of the year		499,325	491,922
Exchange gains/(losses) on cash and cash equivalents		299,879	(8,412)
		<hr/>	<hr/>
Cash and cash equivalents at end of the year		5,906,233	499,325
		<hr/>	<hr/>
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents as stated in the consolidated balance sheets	14	5,905,158	499,072
Add: Cash and cash equivalents attributable to the disposal group	15(a)	1,075	253
		<hr/>	<hr/>
Cash and cash equivalents as stated in the consolidated cash flow statements		5,906,233	499,325
		<hr/>	<hr/>

The notes on pages 107 to 175 are an integral part of these consolidated financial statements.



Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. Corporate Information

The Company was formerly known as Fujian Yaohua Glass Industry Group Co., Ltd. (福建省耀華玻璃工業有限公司), which was established in the People's Republic of China (the "PRC") on 14 April 1987 as a sino-foreign equity joint venture. On 21 June 1992, the Company was converted into a sino-foreign joint stock company with limited liability under the PRC Company Law and was renamed as Fuyao Glass Industry Group Co., Ltd. (福耀玻璃工業集團股份有限公司).

The Company's shares have been listed on both the Shanghai Stock Exchange ("A shares") and the Stock Exchange of Hong Kong Limited ("H shares"). As at 31 December 2015, the Company had 2,002,986,332 A shares and 505,631,200 H shares in total, among which, Mr. Cho Tak Wong (曹德旺), the single largest shareholder, held 16.06% equity interests in the Company.

The address of the Company's registered office is Fuyao Industrial Zone II, Fuqing, Fujian Province, the PRC. The Company and its subsidiaries (together, the "Group") are principally engaged in the manufacturing and sale of automobile glass and float glass.

These financial statements are presented in RMB, unless otherwise stated.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and under the historical cost convention, as modified by the revaluation of derivative financial instruments, which are designated as financial assets or liabilities at fair value through profit or loss.

The preparation of the financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 below.

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of Preparation (Continued)

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015:

- Amendments from annual improvements to IFRSs – 2010-2012 Cycle, on IFRS 8, 'Operating segments', IAS 24, 'Related party disclosures'.
- Amendments from annual improvements to IFRSs – 2011-2013 Cycle, on IFRS 13, 'Fair value measurement'.

Amendments and interpretations as mentioned above have no material effect on the Group's operating results, financial position or comprehensive income.

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(b) New standards and interpretations not yet adopted

The following new standards, amendments and interpretations to existing standards which have been issued but are not effective for annual periods beginning after 1 January 2015 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to IFRS 10	Consolidated financial statements	1 January 2016
Amendment to IFRS 11	Joint arrangements	1 January 2016
Amendment to IFRS 12	Disclosure of Interests in Other Entities	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 1	Disclosure initiative	1 January 2016
Amendments to IAS 16	Property, plant and equipment	1 January 2016
Amendment to IAS 27	Consolidated and separate financial statements	1 January 2016
Amendments to IAS 28	Investment in associates	1 January 2016
Amendments to IAS 38	Intangible assets	1 January 2016
Annual improvements 2014	Annual improvements 2012-2014 cycle	1 January 2016
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 16	Leases	1 January 2019 or when apply IFRS 15

The Group is in the process of making an assessment on the impact of these new/revised standards, amendments and interpretation and does not anticipate that the adoption when they become effective will result in any material impact on the Group's result of operations and financial position.

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (*CONTINUED*)

For the year ended 31 December 2015

2 Summary of Significant Accounting Policies (*Continued*)

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

2 Summary of Significant Accounting Policies (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) Business combinations (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.



Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (*CONTINUED*)

For the year ended 31 December 2015

2 Summary of Significant Accounting Policies (*Continued*)

2.2 Subsidiaries (*Continued*)

2.2.2 Separate financial statement

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the financial statements of the investee's net assets including goodwill.

2.3 Joint Arrangements

The Group has applied IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method in the Group's consolidated financial statements.

Under the equity method of accounting, investments in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's investments in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group determines at each reporting date whether there is any objective evidence that the investments in the joint venture are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint ventures and their carrying value and recognises the amount adjacent to share of results of joint ventures, in the consolidated income statements.

Investments in joint ventures are accounted for at cost less impairment in the Company's separate financial statements.

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

2 Summary of Significant Accounting Policies (Continued)

2.4 Segment Reporting

Operating segments are 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 segments, has been identified as the executive directors that make strategic decisions.

2.5 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statements.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statements within "finance costs – net". All other foreign exchange gains and losses are presented in the consolidated income statements within "other gains/(losses) – net".

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

2 Summary of Significant Accounting Policies (Continued)

2.6 Property, Plant and Equipment

Property, plant and equipment, other than construction in progress, are stated at historical cost less depreciation and provision for impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	10 to 20 years
Machinery and equipment	10 to 12 years
Electronic and office equipment	5 years
Tools, dies, vehicles and others	3 to 5 years

Construction in progress represents property, plant and equipment under construction or pending installation and is stated at cost less provision for impairment loss, if any. Cost includes the costs of construction and acquisition. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains/(losses) – net" in the consolidated income statements.

2.7 Leasehold Land and Land Use Rights

Leasehold land and land use rights represent upfront payments made for the land use rights. It is stated at cost less accumulated amortisation and impairment losses, if any (Note 2.9). Amortisation is calculated using the straight-line method to allocate the cost of leasehold land and land use rights over the remaining period of the lease.

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

2 Summary of Significant Accounting Policies (Continued)

2.8 Intangible Assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Patents

Acquired patents are shown at historical cost. Patents have a finite life and are carried at cost less accumulated amortisation and impairment, if any. Amortisation is calculated using the straight-line method to allocate the cost of patents over their estimated useful lives.

(c) Licenses

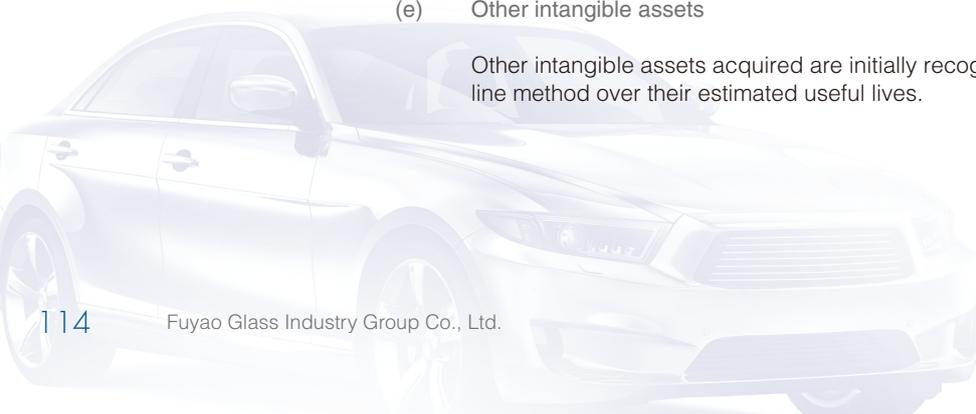
Acquired licenses are shown at historical cost. Licenses have a finite life and are carried at cost less accumulated amortisation and impairment, if any. Amortisation is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives.

(d) Computer software

Acquired computer software license are capitalised on the basis of the costs incurred to acquire the specific software. Computer software is carried at cost less accumulated amortisation and impairment, if any. These costs are amortised over their estimated useful lives.

(e) Other intangible assets

Other intangible assets acquired are initially recognised at cost and amortised on a straight-line method over their estimated useful lives.



Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

2 Summary of Significant Accounting Policies (Continued)

2.9 Impairment of Non-Financial Assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Non-Current Assets (Or Disposal Groups) Held-for-Sale

Non-current assets (or disposal groups) are classified as held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets (except for certain assets as explained below), (or disposal groups), are stated at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment, intangible assets, deferred tax assets, inventories, and financial assets, even if held-for-sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

2.11 Financial Assets

2.11.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit and loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "restricted cash" and "cash and cash equivalents", in the consolidated balance sheets (Notes 13 and 14).

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

2 Summary of Significant Accounting Policies (Continued)

2.11 Financial Assets (Continued)

2.11.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statements. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated income statements within 'other gains/(losses) – net' in the period in which they arise.

2.12 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.13 Impairment of Financial Assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statements. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

For the year ended 31 December 2015

2 Summary of Significant Accounting Policies *(Continued)*

2.13 Impairment of Financial Assets *(Continued)*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statements.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 Trade and Other Receivables

Trade receivables are amounts due from customers for products sold or services provided in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.16 Cash and Cash Equivalents

In the consolidated cash flows statements, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.17 Restricted Cash

Restricted cash represents guaranteed deposits pledged to the bank for issuance of trade facilities, such as security deposits for borrowing and guaranteed deposits for issuance of letter of credit. Such restricted cash will be released when the Group repays the related trade facilities or bank loans.

2.18 Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

2 Summary of Significant Accounting Policies (Continued)

2.19 Trade and Other Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statements over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.21 Borrowings Cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.22 Derivative Financial Instruments

Derivative financial instruments refer to the forward foreign exchange contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The Group uses these currency forward contracts to mitigate exposure to changes in foreign exchange rate. These forward foreign exchange contracts are held for "economic hedge", which do not qualify for hedge accounting.

Changes in the fair value of all derivative instruments are recognised immediately in the consolidated income statements within 'other gains/(losses) – net'.

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

2 Summary of Significant Accounting Policies (Continued)

2.23 Current and Deferred Income Tax

The income tax expense for the period comprises current and deferred tax. Income tax is recognised in the consolidated income statements, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the income tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the areas where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising from investments in subsidiaries and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for joint ventures. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

2 Summary of Significant Accounting Policies (Continued)

2.23 Current and Deferred Income Tax (Continued)

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.24 Employee Benefits

(a) Pension obligations

The full-time employees of the Group in the PRC are covered by various government-sponsored defined contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expenses as incurred and contributions paid to the defined-contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined-contribution pension plans even if the staff leave the Group. The non-PRC employees are covered by other defined contribution pension plans sponsored by local government.

The contributions are recognised as employee benefit expense when they are due.

(b) Housing funds, medical insurances and other social insurances

The PRC employees of the Group are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period, and recognised as employee benefit expense when they are due.



Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (*CONTINUED*)

For the year ended 31 December 2015

2 Summary of Significant Accounting Policies (*Continued*)

2.25 Provision and Contingent Liabilities

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the Group's consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.26 Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statements on a straight-line basis over the period of the lease.

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

2 Summary of Significant Accounting Policies (Continued)

2.27 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of products

Revenue from the sales of products is recognised when the risk and reward of the goods have been transferred to the customer, which is usually at the time when the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Accumulated experience is used to estimate and provide for sales returns at the time of sale.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Rental income from operating lease

Rental income from operating lease is recognised in the consolidated income statements on a straight-line basis over the term of the lease.



Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (*CONTINUED*)

For the year ended 31 December 2015

2 Summary of Significant Accounting Policies (*Continued*)

2.28 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statements over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to assets are included in non-current liabilities as deferred income and are credited to the consolidated income statements on a straight-line basis over the expected useful lives of the related asset.

For those cash injection received from government with clear instruction as capital injection from government authorities, they have been recorded as "other reserve" during the year.

2.29 Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders, where appropriate.

2.30 Research and Development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects relating to design and testing of new or improved products are recognised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

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, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The primary economic environment in which the Group operates in the PRC and their functional currency is RMB. However, the Group's certain subsidiaries operate in the United States and Russia and their functional currency is the United States Dollar ("USD") and Russian Ruble ("RBL"), also the Group exports the products to overseas and the sales are carried out in USD and Euro ("EUR"). Moreover, certain cash and cash equivalents, trade and other receivables and trade and other payables are denominated in foreign currencies, which expose the Group to foreign currency risk, primarily with respect to USD, EUR and RBL. The Group currently uses forward foreign exchange contracts to partially reduce the risk of changes in foreign exchange rates.

As at 31 December 2015 and 2014, if RMB had strengthened/weakened by 10% against the foreign currencies while all other variables had been held constant, the Group's net profit for the year would have changed as follows, mainly as a result of exchange gains/losses on translation of various financial assets and liabilities denominated in foreign currencies:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Net profit increase/(decrease)		
USD		
– Strengthened 10%	(461,696)	(67,485)
– Weakened 10%	461,696	67,485
	–	–
EUR		
– Strengthened 10%	(3,067)	(21,641)
– Weakened 10%	3,067	21,641
	–	–
RBL		
– Strengthened 10%	1,977	7,076
– Weakened 10%	(1,977)	(7,076)
	–	–

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

3 Financial Risk Management (Continued)

3.1 Financial Risk Factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings.

Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest-rate risk. The Group does not hedge its cash flow and fair value interest rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 19.

As at 31 December 2015 and 2014, if interest rates on bank borrowings had risen/fallen by 50 basis points with all other variables held constant, the Group's net profit for the year would have changed mainly as a result of higher/lower interest expenses on floating rate borrowings. Details of changes are as follows:

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Net profit increase/(decrease)		
– risen 50 basis points	(3,634)	(3,373)
– fallen 50 basis points	3,634	3,373
	<u>3,634</u>	<u>3,373</u>

(b) Credit risk

The carrying amounts of cash and cash equivalents, restricted cash, trade and other receivables included in the financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem.

Cash and cash equivalents, including restricted cash, were deposited in the major financial institutions in the PRC, which the directors believe are of high credit quality.

The Group established policies in place to ensure that sales of products are made to customers with an appropriate credit history and the Group assesses the credit worthiness and financial strength of its customers as well as considering prior dealing history with the customers and volume of sales. See Note 13 for ageing analysis. Management make periodic assessment on the recoverability of trade and other receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any trade disputes with the debtors.

The Group uses credit insurance to control the default risk of trade receivables.

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

3 Financial Risk Management (Continued)

3.1 Financial Risk Factors (Continued)

(c) Liquidity risk

Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) 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 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	Total RMB'000
As at 31 December 2015				
Borrowings, including interest payables	3,964,730	811,667	52,547	4,828,944
Derivative financial instruments (Note (i))	925	–	–	925
Financial liabilities included in trade and other payables	2,461,953	–	–	2,461,953
	6,427,608	811,667	52,547	7,291,822



Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

3 Financial Risk Management (Continued)

3.1 Financial Risk Factors (Continued)

(c) Liquidity risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
As at 31 December 2014				
Borrowings, including interest payables	3,456,940	1,249,297	6,223	4,712,460
Derivative financial instruments (Note (i))	1,703	–	–	1,703
Financial liabilities included in trade and other payables	<u>2,420,581</u>	<u>–</u>	<u>–</u>	<u>2,420,581</u>
	<u>5,879,224</u>	<u>1,249,297</u>	<u>6,223</u>	<u>7,134,744</u>

Note:

- (i) Derivatives held for economic hedge purpose are classified as a current asset or liability. As at 31 December 2015, the Group has outstanding net-settled foreign currency forward contracts to buy RMB25,252,800 for USD4,000,000 and buy USD10,612,000 for EUR9,634,000 (as at 31 December 2014: buy RMB254,069,000 for USD41,000,000 and buy USD38,169,000 for EUR30,830,000 and buy USD5,748,000 for GBP3,661,000).

3.2 Capital Risk Management

The Group objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long term.

The Group monitors capital (including share capital and capital reserves) by regularly reviewing the capital structure. As a part of this review, the directors of the Company consider the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with industry, the Group monitors capital on basis of the gearing ratio. This ratio is calculated as net debts divided by total capital. Net debts are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheets) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the financial statements plus net debts.

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

3 Financial Risk Management (Continued)

3.2 Capital Risk Management (Continued)

The gearing ratios as at 31 December 2015 and 2014 are as follows:

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Total borrowings (Note 19)	4,719,051	4,548,185
Less: Cash and cash equivalents (Note 14)	(5,905,158)	(499,072)
Net asset/debt	(1,186,107)	4,049,113
Total equity	16,429,727	8,817,966
Total capital	15,243,620	12,867,079
Gearing ratio	-8%	31%

3.3 Fair Value Estimation

(a) The table below analyses the Group's financial instruments carried at fair value as at 31 December 2015 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 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 (that is, unobservable inputs) (Level 3).



Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 December 2015

3 Financial Risk Management (Continued)

3.3 Fair Value Estimation (Continued)

(a) (Continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2014				
Assets				
Derivative financial assets				
– forward foreign exchange contract	–	3,687	–	3,687
Liabilities				
Derivative financial assets				
– forward foreign exchange contract	–	1,703	–	1,703
As at 31 December 2015				
Liabilities				
Derivative financial assets				
– forward foreign exchange contract	–	825	–	825
– short call on foreign exchange	–	100	–	100
	–	925	–	925

(b) Valuation techniques used to derive Level 2 fair values

Level 2 derivative financial instruments forward foreign exchange contracts. These forward foreign exchange contracts and short call on foreign exchange have been fair valued using forward exchange rate that are quoted in an active market.

(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 to suppliers and prepaid current income tax or value-added tax recoverable);
- Cash and cash equivalents (including restricted cash);
- Trade and other payables (excluding advance from customers and statutory liabilities).

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

4 Critical Accounting Estimates and Judgements

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.

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.

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

The Group's management determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is 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) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy as stated in Note 2.9. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 8).

In the opinion of the directors of the Company, the recoverable amount of the CGU will not be lower than the carrying amount of a reasonably possible change in a key assumption on which management has based its determination of the CGU's recoverable amount occurs.

(c) 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.



Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

4 Critical Accounting Estimates and Judgements (Continued)

(d) 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 taxation charges in the period in which such estimate is changed.

(e) Impairment of receivables

The Group's management determines the provision for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and the current market condition, and requires the use of judgements and estimates. Management reassesses the provisions at each balance sheet date.

(f) Impairment of non-financial assets

Non-financial assets including property, plant and equipment, land use rights and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgements and estimates.

Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of asset can be supported by the recoverable amount, being 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; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and the resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated income statements (Note 6).

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

5 Segment Information

The Group operates as a single operating segment. The single 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 year.

6 Property, Plant and Equipment

	Buildings and freehold land RMB'000	Machinery and equipment RMB'000	Electronic and office equipment RMB'000	Tools, dies, vehicles and others RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2014						
Opening net book amount	1,899,171	3,564,228	369,996	224,319	1,357,819	7,415,533
Currency translation difference	(21,233)	(61,009)	(335)	(649)	(159,728)	(242,954)
Transfer	758,054	526,173	103,103	1,031	(1,388,361)	-
Transfer to leasehold land and land use rights (Note 7)	-	-	-	-	(107,006)	(107,006)
Other additions	96,517	57,818	87,088	125,318	2,279,537	2,646,278
Disposals (Note 31(b))	(1,543)	(12,655)	(17,316)	(766)	-	(32,280)
Depreciation (Note 25)	(127,595)	(509,175)	(107,944)	(112,311)	-	(857,025)
Closing net book amount	<u>2,603,371</u>	<u>3,565,380</u>	<u>434,592</u>	<u>236,942</u>	<u>1,982,261</u>	<u>8,822,546</u>
At 31 December 2014						
Cost	3,454,573	6,946,522	906,583	763,515	1,982,261	14,053,454
Accumulated depreciation	(851,202)	(3,381,142)	(471,990)	(526,573)	-	(5,230,907)
Impairment	-	-	(1)	-	-	(1)
Net book amount	<u>2,603,371</u>	<u>3,565,380</u>	<u>434,592</u>	<u>236,942</u>	<u>1,982,261</u>	<u>8,822,546</u>



Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

6 Property, Plant and Equipment (Continued)

	Buildings and freehold land RMB'000	Machinery and equipment RMB'000	Electronic and office equipment RMB'000	Tools, dies, vehicles and others RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2015						
Opening net book amount	2,603,371	3,565,380	434,592	236,942	1,982,261	8,822,546
Currency translation difference	(33,177)	(11,148)	(427)	(195)	11,310	(33,637)
Transfer	178,727	1,433,555	128,478	1,419	(1,742,179)	-
Other additions	96,899	112,398	135,725	181,222	2,591,175	3,117,419
Disposals (Note 31(b))	(2,061)	(83,194)	(27,395)	(2,141)	-	(114,791)
Depreciation (Note 25)	(162,865)	(566,922)	(128,150)	(127,071)	-	(985,008)
Closing net book amount	<u>2,680,894</u>	<u>4,450,069</u>	<u>542,823</u>	<u>290,176</u>	<u>2,842,567</u>	<u>10,806,529</u>
At 31 December 2015						
Cost	3,689,737	8,277,288	1,117,528	844,752	2,842,567	16,771,872
Accumulated depreciation	(1,008,843)	(3,827,219)	(574,705)	(554,576)	-	(5,965,343)
Net book amount	<u>2,680,894</u>	<u>4,450,069</u>	<u>542,823</u>	<u>290,176</u>	<u>2,842,567</u>	<u>10,806,529</u>

- (a) As at 31 December 2015, the Group was still in the process of applying for the ownership certificates of certain buildings with aggregated carrying amounts of approximately RMB537,281,000 (2014: RMB232,998,000). The Directors of the Group consider that these buildings without ownership certificates will not have a significant impact on the Group's operation.
- (b) During the year, the Group has capitalised borrowing costs amounting to RMB46,698,000 (2014: Nil) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of its general borrowings of 3.61%.

7 Leasehold Land and Land Use Rights

Leasehold land and land use rights represent prepaid operating lease payments for land mainly located in the PRC which are held on leases between 10 to 50 years.

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Opening net book value	874,692	779,771
Currency translation difference	(4)	44
Additions	215,211	8,351
Transferred in from construction in progress (Note 6)	-	107,006
Amortisation charges (Note 25)	(22,470)	(20,480)
Closing net book value	<u>1,067,429</u>	<u>874,692</u>

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

8 Intangible Assets

	Goodwill	Patents	License fee	Computer software	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2014						
Opening net book amount	74,678	10,745	8,362	7,510	10,154	111,449
Currency translation difference	-	-	-	(238)	(537)	(775)
Additions	-	-	36,714	12,323	10,575	59,612
Amortisation (Note 25)	-	(2,352)	(3,604)	(4,743)	(2,710)	(13,409)
Closing net book amount	<u>74,678</u>	<u>8,393</u>	<u>41,472</u>	<u>14,852</u>	<u>17,482</u>	<u>156,877</u>
At 31 December 2014						
Cost	74,678	32,583	72,535	45,358	40,397	265,551
Accumulated amortisation	-	(24,190)	(31,063)	(30,506)	(22,915)	(108,674)
Net book amount	<u>74,678</u>	<u>8,393</u>	<u>41,472</u>	<u>14,852</u>	<u>17,482</u>	<u>156,877</u>
Year ended 31 December 2015						
Opening net book amount	74,678	8,393	41,472	14,852	17,482	156,877
Currency translation difference	-	-	2,248	(303)	(198)	1,747
Additions	-	-	-	10,203	-	10,203
Disposals	-	-	-	-	(1,125)	(1,125)
Amortisation (Note 25)	-	(2,330)	(1,054)	(6,656)	(3,750)	(13,790)
Closing net book amount	<u>74,678</u>	<u>6,063</u>	<u>42,666</u>	<u>18,096</u>	<u>12,409</u>	<u>153,912</u>
At 31 December 2015						
Cost	74,678	32,583	74,783	55,034	39,022	276,100
Accumulated amortisation	-	(26,520)	(32,117)	(36,938)	(26,613)	(122,188)
Net book amount	<u>74,678</u>	<u>6,063</u>	<u>42,666</u>	<u>18,096</u>	<u>12,409</u>	<u>153,912</u>



Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

8 Intangible Assets (Continued)

(a) Impairment tests for goodwill

The goodwill is monitored by the management at cash generating units ("CGU") level. The following is a summary of goodwill allocation for each CGU:

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Fujian Wanda Automobile Glass Industry Co., Ltd. ("Fujian Wanda") (Note (i))	62,744	62,744
Hainan Wenchang Fuyao Silica Sand Co., Ltd. (Note (ii))	11,934	11,934
	74,678	74,678

For the purpose of impairment test, goodwill has been allocated to the smallest individual of CGU identified. The recoverable amount of a CGU is determined based on value-in-use calculations. The calculation uses cash flow projections based on the financial budget made by managements, with reference to the prevailing market condition, covering a period of five years and assuming the cash flow beyond the five years period would be stable. The key assumptions used for value-in-use are as follows:

(i) Fujian Wanda

	Year ended 31 December	
	2015	2014
Gross profit margin	34%	34%
Pre-tax discount rate	11%	14%

(ii) Hainan Wenchang Fuyao Silica Sand Co., Ltd.

	Year ended 31 December	
	2015	2014
Gross profit margin	55%	62%
Pre-tax discount rate	9%	11%

As at 31 December 2015 and 2014, management performed the value-to-use calculation and no impairment is identified.

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

9 Investments in Joint Ventures

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Share of net assets, unlisted	46,449	161,045
Beginning of the year	161,045	130,016
Disposal of joint ventures	(34,571)	–
Dividends received	(85,584)	–
Share of results	5,559	31,029
End of the year	46,449	161,045

- (a) Particulars of the Group's investments in joint ventures during the year, which are unlisted, are set out as follows:

Company name	Country/place and date of incorporation	Paid-up capital RMB'000	Attributable equity interests to the Group as at 31 December		Principle activities
			2015 RMB'000	2014 RMB'000	
Tri-Wall Packaging (Fuzhou) Co., Ltd. (特耐王包装(福州)有限公司)	Fuzhou, the PRC, 2005	26,189	46,449	50,690	Production and processing of paper articles and printed matter, especially corrugated paper
Ningbo Hongxie Clutch Automobile Parts Co., Ltd. (寧波宏協承汽車部件有限公司)	Ningbo, the PRC, 2008	–	–	60,217	Production and sales of automobile components
Fujian Hongxie Clutch Automobile Parts Co., Ltd. (福建宏協承汽車部件有限公司)	Fuqing, the PRC, 2006	–	–	50,138	Production and sales of automobile components
		26,189	46,449	161,045	



Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

9 Investments in Joint Ventures (Continued)

- (a) Particulars of the Group's investments in joint ventures during the year, which are unlisted, are set out as follows: (Continued)

The Group's share of the results of its joint ventures, and the aggregated assets and liabilities, are as follows:

	Assets RMB'000	Liabilities RMB'000	Revenues RMB'000	Profit RMB'000	Net assets RMB'000
Year ended 31 December 2015					
Tri-Wall Packaging (Fuzhou) Co., Ltd.	56,784	10,335	77,283	5,559	46,449
Year ended 31 December 2014					
Tri-Wall Packaging (Fuzhou) Co., Ltd.	59,264	8,574	76,571	5,575	50,690
Ningbo Hongxie Clutch Automobile Parts Co., Ltd.	129,354	69,137	127,648	16,642	60,217
Fujian Hongxie Clutch Automobile Parts Co.,Ltd.	101,499	51,361	117,060	8,812	50,138
	290,117	129,072	321,279	31,029	161,045

- (b) On 3 June 2015, the Company and its wholly-owned subsidiary Fuyao (Hong Kong) Co., Ltd. entered into an equity transfer agreement with Ningbo Hongxie Clutch Co., Ltd. ("Ningbo Hongxie") and Hongxie (Hong Kong) Limited to realise the resource integration among the parties in the joint ventures. Pursuant to the equity transfer agreement, the Company transferred 24% of its share interest in Fujian Fuyao Automobile Parts Co., Ltd. to Ningbo Hongxie and Fuyao (Hong Kong) Co., Ltd. transferred 25% of its share interest in Fujian Fuyao Automobile Parts Co., Ltd to Hongxie (Hong Kong) Limited. After the completion of the agreement, Fujian Fuyao Automobile Parts Co., Ltd changed its name to Fujian Hongxie Clutch Automobile Parts Co., Ltd.

On 24 April 2015, the Company entered into an equity transfer agreement with Ningbo Hongxie to realise the resource integration among the parties in the joint ventures. Pursuant to the equity transfer agreement, the Company transferred 49% of its share interest in Ningbo Fuyao Automobile Parts Co., Ltd to Ningbo Hongxie. After the completion of the agreement, Ningbo Fuyao Automobile Parts Co., Ltd changed its name to Ningbo Hongxie Clutch Automobile Parts Co., Ltd.

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

10 Long-Term Prepaid Rental Expenses

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Cost	78,795	78,795
Accumulated amortisation	(33,944)	(22,629)
Net book amount	44,851	56,166

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Opening net book value	56,166	62,103
Additions	–	6,279
Amortisation charges (Note 25)	(11,315)	(12,216)
Closing net book value	44,851	56,166

11 Deferred Income Tax Assets and Liabilities

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Deferred income tax assets:		
– to be recovered within 12 months	103,463	89,035
– to be recovered after more than 12 months	101,186	100,283
	204,649	189,318
Deferred income tax liabilities:		
– to be recovered within 12 months	1,254	109
– to be recovered after more than 12 months	91,329	73,646
	92,583	73,755



Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

11 Deferred Income Tax Assets and Liabilities (Continued)

Movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balance within the same tax jurisdiction, is as follows:

Deferred income tax assets	Tax losses carried forward (a) RMB'000	Impairment provision RMB'000	Accruals RMB'000	Unrealised profit (b) RMB'000	Government grants RMB'000	Others RMB'000	Total RMB'000
At 31 December 2014	1,818	2,836	9,912	89,802	83,802	1,148	189,318
Recognised in the consolidated income statements	11,981	(1,123)	(2,079)	22,049	(15,241)	(256)	15,331
At 31 December 2015	13,799	1,713	7,833	111,851	68,561	892	204,649

- (a) Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of related tax benefits through future taxable profits is probable. As at 31 December 2015, the Group did not recognise deferred income tax assets of RMB228,461,000 (2014: RMB98,170,000) in respect of the accumulated tax losses of certain subsidiaries. These tax losses will be expired within year 2017 to 2035.
- (b) Deferred income tax assets of unrealised profit mainly attributed to the unrealised profit from intra-group sales.

Deferred income tax liabilities	Difference in intangible assets amortisation between tax and accounting RMB'000	Withholding taxation on unremitted earnings of certain subsidiaries RMB'000	Others RMB'000	Total RMB'000
At 31 December 2014	32,825	35,513	5,417	73,755
Recognised in the consolidated income statements	(146)	6,703	12,271	18,828
At 31 December 2015	32,679	42,216	17,688	92,583

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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

12 Inventories

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Raw materials	1,039,021	969,316
Work in process	83,806	49,987
Finished goods	1,366,277	1,144,113
Low value consumables	16,071	17,831
	2,505,175	2,181,247
Less: write-down to net realisable value	(10,254)	(12,211)
	2,494,921	2,169,036

The cost of inventory recognised as expense and included in 'cost of sales' amounted to approximately RMB3,782,457,000 for the year ended 31 December 2015 (2014: RMB3,820,390,000) (Note 25).

Inventories are valued at the lower of cost and estimated net realisable value. Write-down of inventories to net realisable value recognised in the consolidated income statements during the year are as follows:

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
At beginning of the year	12,211	9,586
Write-down to net realisable value (Note 25)	11,718	10,810
Write-off of inventory provision (Note 25)	(13,675)	(8,185)
	10,254	12,211



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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

13 Trade and Other Receivables

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Trade receivables due from third parties (a):		
Notes receivables	569,748	544,506
Accounts receivables	2,758,178	2,430,682
Less: provision for impairment	(32)	(231)
Trade receivables – net	3,327,894	2,974,957
Other receivables due from third parties (b):		
Other receivables	73,501	82,071
Less: provision for impairment	–	–
Other receivables – net	73,501	82,071
Amount due from related parties (Note 34 (c)):		
Accounts receivables	4,259	4,317
Other receivables	170	641
	4,429	4,958
Others:		
Prepayments to suppliers	178,812	281,696
Prepaid current income tax and value-added tax recoverable and refundable	198,943	205,074
	377,755	486,770
Trade and other receivables – net	3,783,579	3,548,756

As at 31 December 2015 and 2014, the fair value of the current portion of trade and other receivables of the Group, except for the prepayments to suppliers which are not financial assets, approximated to their carrying amounts.

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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

13 Trade and Other Receivables (Continued)

As at 31 December 2015 and 2014, the carrying amounts of trade and other receivables are denominated in the following currencies:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
RMB	2,675,646	2,409,692
USD	813,029	879,635
EUR	234,891	217,462
Others	60,013	41,967
	3,783,579	3,548,756

- (a) Trade receivables, including notes receivables and account 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 31 December 2015 and 2014 was as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Trade receivables – gross		
– Within 3 months	2,947,352	2,706,173
– 3 to 6 months	347,466	240,412
– 6 to 12 months	24,990	28,015
– Over 1 year	8,118	588
	3,327,926	2,975,188



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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

13 Trade and Other Receivables (Continued)

(a) (Continued)

As at 31 December 2015, trade receivables of RMB214,008,000 (2014: RMB209,803,000), were past due but not impaired. Based on the past experience, the directors believe that no impairment allowance is necessary in respect of these balances as there is no significant change in their credit quality and the balances are considered fully recoverable. These trade receivables relate to a number of independent debtors for whom there is no recent history of default. The Group does not hold any collateral as security over these debtors. The ageing analysis of these trade receivables past due but not impaired at respective invoice date is as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
– Within 3 months	35,595	65,833
– 3 to 6 months	145,288	115,364
– 6 to 12 months	25,007	28,017
– Over 1 year	8,118	589
	214,008	209,803

Movements in impairment of trade receivables are as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
At beginning of the year	231	324
Reversal of impairment (Note 25)	(178)	(87)
Write-off against uncollectible receivables	(21)	(6)
At the end of the year	32	231

(b) Details of other receivables are as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Quality and performance guarantee deposits to customers	21,964	15,958
Payments on behalf of others	20,341	19,119
Others	31,196	46,994
	73,501	82,071

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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

14 Cash and Cash Equivalents and Restricted Cash

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Cash at bank and on hand	5,918,845	507,161
Less: restricted cash (b)	(13,687)	(8,089)
Cash and cash equivalents (a)	<u>5,905,158</u>	<u>499,072</u>

(a) Cash and cash equivalents are denominated in:

	As at 31 December	
	2015 RMB'000	2014 RMB'000
- RMB	295,163	223,138
- USD	5,581,124	192,364
- EUR	15,116	67,973
- RBL	90	1,912
- Others	13,665	13,685
	<u>5,905,158</u>	<u>499,072</u>

(b) Details of restricted cash are as follows:

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Deposits pledged for notes issuance	2,521	1,542
Deposits pledged for letter of credit	6,015	302
Others	5,151	6,245
	<u>13,687</u>	<u>8,089</u>

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Restricted cash is denominated in:		
- RMB	2,723	1,542
- USD	3,606	4,750
- EUR	7,358	1,797
	<u>13,687</u>	<u>8,089</u>

Restricted cash is denominated in:

- RMB
- USD
- EUR

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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

15 Assets and Liabilities of Disposal Group Classified As Held-for-Sale

The assets and liabilities related to Fuyao Group Shuangliao Co., Ltd. (福耀集團雙遼有限公司), a 100% owned subsidiary of the Group, was presented as held-for-sale. Pursuant to the equity transfer agreement with Jinyuan Glass Manufacturing Co., Ltd. ("Jinyuan Glass"), an independent third party, Jinyuan Glass will purchase 100% shares of Fuyao Group Shuangliao Co., Ltd., at a cash consideration of RMB390,000,000.

As at 31 December 2015, Jinyuan Glass has paid RMB60,000,000 to the Group and the remaining is expected to be settled in 2016.

(a) Assets of disposal group classified as held-for-sale

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Land use rights	10,501	10,765
Property, plant and equipment	189,957	231,854
Intangible assets	230	890
Deferred income tax assets	80	573
Inventories	117,730	152,868
Trade and other receivables	895	4,450
Cash and cash equivalents	1,075	253
Total	320,468	401,653

(b) Liabilities of disposal group classified as held-for-sale

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Trade and other payables	9,552	21,229
Current income tax liabilities	—	457
	9,552	21,686

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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

16 Share Capital

Ordinary shares, issued and fully paid:

	As at 31 December				Total share capital RMB'000
	Number of A shares Thousands	Number of H shares Thousands	A shares of RMB1 each RMB'000	H shares of RMB1 each RMB'000	
At 1 January 2015	2,002,986	–	2,002,986	–	2,002,986
Issue of H Shares (a)	–	505,632	–	505,632	505,632
At 31 December 2015	2,002,986	505,632	2,002,986	505,632	2,508,618
At 31 December 2014 and 1 January 2014	2,002,986	–	2,002,986	–	2,002,986

- (a) On 31 March 2015, the Company issued 439,679,600 new ordinary H shares of RMB1 each at HK\$16.80 per share in connection with its global offering and raised gross proceeds of approximately HK\$7,386,617,000 (equivalent to approximately RMB5,850,866,000). The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on the same day.

On 28 April 2015, the Company issued 65,951,600 new ordinary H shares of RMB1 each at HK\$16.80 per share by exercising over-allotment option, and raised gross proceeds of approximately HK\$1,107,987,000 (equivalent to approximately RMB875,033,000).

The listing proceeds to the Company, net off listing expenses, were approximately RMB6,523,838,000 resulting in the increase in issued share capital of the Company by RMB505,632,000 and the share premium by RMB6,018,206,000.



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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

17 Share Premium and Other Reserves

	Share premium RMB'000	Statutory reserves RMB'000	Other reserves Currency translation differences RMB'000	Capital reserve RMB'000	Total RMB'000
At 31 December 2013	184,347	909,517	8,773	25,480	943,770
Appropriate to statutory reserves (a)	–	192,621	–	–	192,621
Currency translation differences	–	–	(262,588)	–	(262,588)
At 31 December 2014	184,347	1,102,138	(253,815)	25,480	873,803
Issue of H Shares	6,018,206	–	–	–	–
Capital injections from government authorities	–	–	–	900	900
Disposal of joint ventures	–	–	–	(1)	(1)
Appropriate to statutory reserves (a)	–	240,941	–	–	240,941
Currency translation differences	–	–	(17,552)	–	(17,552)
At 31 December 2015	6,202,553	1,343,079	(271,367)	26,379	1,098,091

- (a) In accordance with the PRC Company Law and the articles of association of the PRC companies of the Group (the "PRC Companies"), the PRC Companies are required to allocate 10% of their profits attributable to the respective owners of the PRC Companies as set out in their statutory financial statements, to the statutory surplus reserve until such reserve reaches 50% of the registered capital of the respective PRC Companies. The appropriation to the reserve must be made before any distribution of dividends to the respective owners of the PRC Companies. The statutory surplus reserve can be used to offset previous year's losses, if any, and part of the statutory surplus reserve can be capitalised as the share capital of the respective PRC Companies provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital of the respective PRC Companies.

18 Retained Earnings

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
At 1 January		
Profit for the year	5,752,510	4,727,379
Dividends paid	2,604,697	2,219,245
Appropriation to statutory reserves (Note 17)	(1,502,240)	(1,001,493)
	(240,941)	(192,621)
At 31 December	6,614,026	5,752,510

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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

19 Borrowings

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Non-current:		
– Bank borrowings – unsecured	1,483,000	978,000
– Bank borrowings (a)	200,000	220,000
– Medium-term notes (b)	399,589	399,558
Less: current portion of non-current borrowings	(1,234,589)	(385,000)
	848,000	1,212,558
Current:		
– Bank borrowings – unsecured	2,636,462	2,640,903
– Commercial papers	–	309,724
Add: current portion of non-current borrowings	1,234,589	385,000
	3,871,051	3,335,627
Total borrowings	4,719,051	4,548,185

- (a) As at 31 December 2015, the Group's certain bank borrowings of RMB200,000,000 (2014: RMB220,000,000) were guaranteed by the Company.
- (b) Medium term notes and commercial papers

During the years ended 31 December 2014 and 2015, the Group has registered with the National Association of Financial Market Institutional Investors of the PRC (中國銀行間市場交易商協會) the issuance of the medium term notes and commercial papers to the investors in the national inter-bank market in the PRC. Details of the terms of medium term notes and commercial papers are analysed as follows:

	Issuance date	Maturity	Interest rate	Principal amount (RMB'000)
Medium term notes				
Note-11 Fuyao MTN1	4 May 2011	Five years	5.67%	400,000
Commercial papers				
Note-14 Fuyao CP001	20 May 2014	One year	5.58%	300,000
Note-15 Fuyao SCP001	11 May 2015	90 days	4.48%	50,000



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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

19 Borrowings (Continued)

- (b) Medium term notes and commercial papers (Continued)

Medium-term notes and commercial papers are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost by using effective interest method. The carrying amounts of medium term notes and commercial papers as at 31 December 2015 are as follows:

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Medium term notes		
Note-11 Fuyao MTN1	399,589	399,558
Commercial papers		
Note-14 Fuyao CP001	–	309,724
	399,589	709,282

- (c) The borrowings are denominated in the following currencies:

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Borrowings:		
– RMB	4,427,589	4,384,394
– EUR	198,666	–
– USD	44,165	69,908
– RBL	48,631	93,883
	4,719,051	4,548,185

- (d) The exposure of the borrowings to interest rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	As at 31 December	
	2015 RMB'000	2014 RMB'000
6 months or less	3,526,051	3,028,402
Between 6 and 12 months	1,193,000	336,225
Between 1 and 5 years	–	1,183,558
	4,719,051	4,548,185

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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

19 Borrowings (Continued)

(e) The maturity of borrowings is as follows:

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Within 1 year	3,871,051	3,335,627
Between 1 and 2 years	798,000	1,206,558
Between 2 and 5 years	50,000	6,000
	4,719,051	4,548,185

(f) The weighted average effective interest rates per annum at each balance sheet date were as follows:

	As at 31 December	
	2015	2014
Borrowings:		
– USD	3.22%	3.30%
– RBL	11.17%	6.63%
– EUR	1.04%	–
– RMB	4.25%	4.86%

Interest rates of bank borrowings denominated in RMB are reset periodically according to the benchmark rates announced by the People's Bank of China.

(g) The fair values of current borrowings approximate their carrying amounts as the impact of discounting is not significant. The carrying amount and fair value of non-current borrowings as at each balance sheet date are set out as follows:

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Carrying amount	848,000	1,212,558
Fair value	844,000	1,171,334

The fair values of non-current borrowings are estimated based on discounted cash flow using the prevailing market rates of interest available to the Group for financial instruments with substantially the same terms and characteristics at the respective balance sheet dates and are within Level 2 of the fair value hierarchy.

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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

20 Deferred Income on Government Grants

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Current portion	18,515	14,074
Non-current portion	368,472	335,893
	386,987	349,967

	For the Year ended 31 December	
	2015 RMB'000	2014 RMB'000
At beginning of the year	349,967	267,514
Government grants received during the year (i)	51,426	92,546
Credited to the consolidated income statements (Note 23)	(14,406)	(10,093)
At end of the year	386,987	349,967

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

21 Trade and Other Payables

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Trade payables to third parties	834,815	887,898
Notes payable	460,160	566,620
Payables for purchasing of property, plant and equipment	369,553	291,261
Staff salaries and welfare payables	353,760	295,326
Amount due to related parties (Note 34(c))	78,336	62,534
Accrued taxes other than income tax	73,202	59,130
Advance from customers	33,985	35,239
Interest payables	22,643	35,933
Other payables and accruals	714,216	561,257
	2,940,670	2,795,198

- (a) As at 31 December 2015 and 2014, all trade and other payables of the Group were non-interest bearing, and their fair value, except for the advance from customers and accrued taxes other than income tax which are not financial liabilities, approximate to their carrying amounts due to short maturities.

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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

21 Trade and Other Payables (Continued)

(b) The Group's trade and other payables are denominated in the following currencies:

	As at 31 December	
	2015 RMB'000	2014 RMB'000
– RMB	2,579,643	2,538,474
– USD	319,323	219,053
– EUR	22,949	23,103
– RBL	10,233	7,861
– Other	8,522	6,707
	2,940,670	2,795,198

(c) Ageing analysis of the notes payable and trade payables to third parties at the respective balances sheet dates are as follows:

	As at 31 December	
	2015 RMB'000	2014 RMB'000
– Within 3 months	1,056,806	1,157,718
– 3 to 6 months	214,665	245,481
– 6 to 12 months	11,096	35,071
– Over 1 year	12,408	16,248
	1,294,975	1,454,518



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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

22 Revenue and Cost of Sales

Revenue and cost of sales by product

	Year ended 31 December			
	2015		2014	
	Revenue RMB'000	Cost of sales RMB'000	Revenue RMB'000	Cost of sales RMB'000
Automobile glasses	13,137,757	8,323,966	12,439,377	7,910,691
Float glasses	2,485,240	1,908,418	2,129,748	1,550,337
Others	461,607	217,240	486,969	232,385
	16,084,604	10,449,624	15,056,094	9,693,413
Less: Intra-group sales	(2,511,109)	(2,511,109)	(2,127,912)	(2,127,912)
	13,573,495	7,938,515	12,928,182	7,565,501

Revenue by geographical areas

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
The PRC	9,067,998	8,597,917
Other countries	4,505,497	4,330,265
	13,573,495	12,928,182

23 Other Income

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Government grants		
– relating to income (a)	83,430	35,924
– relating to assets (Note 20)	14,406	10,093
	97,836	46,017

- (a) Governments grants received during the year primarily comprised the financial subsidies received from various local government authorities in the PRC. There are no unfulfilled conditions or contingencies relating to these governments grants.

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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

24 Other Gains/(Losses) – Net

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Exchange gains/(losses) – net	466,734	(48,656)
Donation	(49,838)	(900)
Impairment provision on assets of disposal group classified as held-for-sale (a)	–	(4,128)
Gain on disposal of joint ventures	18,223	–
Loss on disposal of property, plant and equipment (Note 31(a))	(65,685)	(10,427)
Changes in fair value of the derivative financial instruments	(2,809)	8,463
Others	9,172	12,557
	375,797	(43,091)

- (a) The non-current assets of the disposal group are stated at the lower of carrying amount and fair value less costs to sell. No impairment provision on such assets was recorded in “other losses – net” for the years ended 31 December 2015 (2014: RMB4,128,000).

25 Expenses by Nature

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Raw materials and consumables used	3,547,250	3,596,435
Employee benefit expenses (Note 26)	2,033,716	1,714,226
Utilities	1,716,058	1,534,271
Depreciation of property, plant and equipment (Note 6)	985,008	857,025
Transportation and storage expenses	478,511	456,306
Packing expenses	289,608	286,471
Changes in inventories of finished goods and work in progress	235,207	223,955
Taxes and levies	181,400	155,881
Repair and maintenance fee	148,023	162,052
Insurance expenses	53,534	56,530
Operating lease expenses	51,017	43,198
After-sale service costs	46,495	44,682
Amortisation of leasehold land and land use rights (Note 7)	22,470	20,480
Amortisation of intangible assets (Note 8)	13,790	13,409
Write-down of inventories to the net realisable value (Note 12)	11,718	10,810
Amortisation of long-term prepaid rental expenses (Note 10)	11,315	12,216
Royalty fee	6,311	27,911
Auditor's remuneration – Audit services	4,387	3,349
Reversal for impairment of trade and other receivables (Note 13)	(178)	(87)
Write-off of inventory provision (Note 12)	(13,675)	(8,185)
Others	1,017,893	885,997
	10,839,858	10,096,932

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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 December 2015

26 Employee Benefit Expenses (Including Directors, Supervisors and Senior Management's Emoluments)

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Salaries, wages and bonuses	1,727,662	1,484,969
Pension, housing fund, medical insurance and other social insurance	260,572	186,900
Others	45,482	42,357
	2,033,716	1,714,226

(a) Pensions – defined contribution plans

Contributions totalling RMB4,499,000 (2014: RMB1,710,000) were payable to the fund at the year-end.

(b) Five highest paid individual

The five individuals whose emoluments were the highest in the Group for the year include three (2014: three) directors and supervisors whose emoluments are reflected in the analysis shown in Note 37. The emoluments payable to the remaining two (2014: two) individuals during the year are as follows:

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Salaries, wages and bonuses	5,481	4,479
Pension, housing fund, medical insurance and other social insurance	229	150
Others	299	10
	6,009	4,639

The emoluments fell within the following bands:

Emoluments bands	Year ended 31 December	
	2015	2014
HKD1,000,001 to HKD2,000,000	–	–
HKD2,000,001 to HKD3,000,000	1	1
HKD3,000,001 to HKD4,000,000	–	1
HKD4,000,001 to HKD5,000,000	1	–
	2	2

During the year, no director, supervisor or the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office.

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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

27 Finance Costs – Net

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Finance income:		
Interest income	(19,725)	(14,362)
Finance cost:		
Interest on borrowings	236,629	237,310
Less: borrowing costs capitalised (Note 6)	(46,698)	–
Interest expense on borrowings	189,931	237,310
Amortisation of transaction costs in respect of issuance of medium-term note and commercial papers	581	3,913
	190,512	241,223
Finance costs – net	170,787	226,861

28 Income Tax Expense

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

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Current income tax	431,729	447,208
Deferred income tax (Note 11)	3,497	(25,641)
Income tax expense	435,226	421,567



Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (*CONTINUED*)

For the year ended 31 December 2015

28 Income Tax Expense (*Continued*)

(a) PRC corporate income tax

The corporate income tax ("CIT") is calculated based on the statutory profit of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations, after adjustments on certain income and expense items, which are not assessable or deductible for income tax purposes.

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 year.

(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 year.

(c) North American profits tax

North American profits tax has been provided for at the rates between 34% and 40% on the estimated assessable profits during the year.

(d) Russian profits tax

Russian profits tax has been provided for at the rate of 20% on the estimated assessable profits during the year.

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

28 Income Tax Expense (Continued)

(e) German profits tax

German profits tax has been provided for at the rate of 30% on the estimated assessable profits during the year.

The tax on the Group's profit before income tax differs from the theoretical amount that could arise using the statutory tax rates of 11% to 40% applicable as follows:

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Profit before tax	3,042,042	2,638,344
Tax calculated at the applicable income tax rate	768,622	646,749
Tax effect of:		
Preferential income tax rate	(438,535)	(261,306)
Expenses not deductible for tax purpose	12,629	10,441
Income not subject to income tax	(5,559)	(7,757)
Unrecognised tax losses carried forward	137,464	72,670
Utilisation of previously unrecognised deductible temporary differences	(29,630)	(25,810)
Utilisation of previously unrecognised tax losses	(1,120)	(4,486)
Recognition of previously unrecognised tax losses	(6,053)	-
Withholding taxation on unremitted earnings of certain subsidiaries	7,445	10,497
Others	(10,037)	(19,431)
Income tax expense	435,226	421,567



Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

29 Earnings Per Share

- (a) Basic earnings per share is calculated by dividing the net profit attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2015	2014
Net profit attributable to the equity holders of the Company (RMB'000)	2,604,697	2,219,245
Weighted average number of ordinary shares in issue (thousand)	2,376,714	2,002,986
Basic earnings per share (RMB)	<u>1.10</u>	<u>1.11</u>

- (b) The diluted earnings per share are same as the basic earnings per share as there was no dilutive potential shares existed during the year.

30 Dividends

The dividends paid in 2015 and 2014 were RMB1,502,240,000 (RMB0.75 per share) and RMB1,001,493,000 (RMB0.5 per share) respectively. A dividend in respect of the year ended 31 December 2015 of RMB0.75 per share, amounting to a total dividend of RMB1,881,463,000, is to be proposed at the annual general meeting on 20 May 2016. These financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Proposed final dividend of RMB0.75 (2014: RMB0.75) per ordinary share	<u>1,881,463</u>	<u>1,502,240</u>

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

31 Cash Generated from Operations

(a) Reconciliation of profit before income tax to net cash generated from operations

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Profit for the year before income tax	3,042,042	2,638,344
Adjustments for:		
– Depreciation of property, plant and equipment (Note 6)	985,008	857,025
– Amortisation of leasehold land and land use rights (Note 7)	22,470	20,480
– Amortisation of intangible assets (Note 8)	13,790	13,409
– Losses on disposals of property, plant and equipment (Note 24)	65,685	10,427
– Gains on disposals of joint ventures (Note 24)	(18,223)	–
– Amortisation of deferred income on government grants (Note 20 or 23)	(14,406)	(10,093)
– Amortisation of long-term prepaid rental expense (Note 10)	11,315	12,216
– Interest income (Note 27)	(19,725)	(14,362)
– Interest expenses (Note 27)	190,512	241,223
– Exchange (gain)/loss on cash and cash equivalents	(299,879)	8,412
– Share of results of joint ventures (Note 9)	(5,559)	(31,029)
– Impairment provision on assets of disposal group classified as held-for-sale (Note 24)	–	4,128
– Reversal of provision for impairment of receivables (Note 13)	(178)	(87)
– Provision for impairment of inventories (Note 12)	(1,957)	2,625
– Change in fair value of derivatives (Note 24)	2,809	(8,463)
	3,973,704	3,744,255
Changes in working capital:		
– Increase in long-term prepaid rental expenses	–	(6,279)
– Increase in inventories	(287,101)	(323,790)
– Increase trade and other receivables	(179,205)	(360,099)
– (Decrease)/increase trade and other payables	(36,951)	511,128
Cash generated from operations	3,470,447	3,565,215

(b) In the consolidated cash flow statements, proceeds from disposal of properties, plant and equipment comprise:

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Net book amount (Note 6)	114,791	32,280
Loss on disposal (Note 24)	(65,685)	(10,427)
Proceeds from disposal	49,106	21,853

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

32 Contingencies

As at 31 December 2015, the Group did not have any significant contingent liabilities.

33 Commitments

(a) Capital commitments

As at 31 December 2015, capital expenditure contracted for, but not yet incurred is as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Authorised and contracted for:		
– Property, plant and equipment	1,465,948	1,049,302
Authorised but not contracted for:		
– Investment in subsidiaries	1,194,205	903,327
– Property, plant and equipment	1,470,075	4,288,909
	2,664,280	5,192,236

(b) Operating lease commitments

The Group leases various buildings under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
No later than 1 year	21,572	17,301
Later than 1 year and no later than 2 year	21,572	–
Later than 2 year and no later than 5 year	21,572	–
	64,716	17,301

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

34 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 exercise significant influence over the other party in making financial and operation 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 during the years ended 31 December 2015 and 2014, and balances arising from related party transactions as at 31 December 2015 and 2014.

(a) Name and relationship with related parties

Name of related party	Relationship
Mr. Cho Tak Wong (曹德旺) Fujian Yaohua Industrial Village Development Co., Ltd. (福建省耀華工業村開發有限公司)	Single largest shareholder Controlled by the Mr. Cho Tak Wong and 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
Home Bridge Overseas Ltd. (鴻橋海外有限公司)	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 venture of the Group
Ningbo Hongxie Clutch Automobile Parts Co., Ltd. (寧波宏協承汽車部件有限公司)	Jointly venture of the Group
Fujian Hongxie Clutch Automobile Parts Co., Ltd. (福建宏協承汽車部件有限公司)	Jointly venture of the Group
Chongqing Hongxie Clutch Automobile Parts Co., Ltd. (重慶宏協承汽車部件有限公司)	Subsidiary of a jointly venture of the Group
Hubei Jierui Automotive Glass Co., Ltd. (湖北捷瑞汽車玻璃有限公司)	Controlled by the senior management of the Group
Hunan Jierui Automotive Glass Co., Ltd. (湖南捷瑞汽車玻璃有限公司)	Controlled by the senior management 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 director of the Group
Fujian Triplex Machinery Technology Co., Ltd. (福建三鋒機械科技有限公司)	Controlled by the director of the Group



Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 December 2015

34 Related Party Transactions (Continued)

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

Continuing transactions

(i) Sales of goods

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Hubei Jierui Automotive Glass Co., Ltd.*	14,669	859
Fujian Hongxie Clutch Automobile Parts Co., Ltd	14,480	13,533
Tri-Wall Packaging (Fuzhou) Co., Ltd.	3,681	2,809
Hunan Jierui Automotive Glass Co., Ltd.*	1,806	620
Fujian Triplex Auto Parts Development Co., Ltd.*	159	–
Ningbo Hongxie Clutch Automobile Parts Co., Ltd.	124	55
Chongqing Hongxie Clutch Automobile Parts Co., Ltd.	123	729
Fujian Triplex Machinery Technology Co., Ltd.*	2	–
	35,044	18,605

(ii) Purchase of goods

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Tri-Wall Packaging (Fuzhou) Co., Ltd.	125,771	129,262
Ningbo Hongxie Clutch Automobile Parts Co., Ltd.	113,776	89,210
Fujian Hongxie Clutch Automobile Parts Co., Ltd.	88,062	93,030
Chongqing Hongxie Clutch Automobile Parts Co., Ltd.	23,276	29,470
Fujian Triplex Machinery Technology Co., Ltd.*	13,199	–
	364,084	340,972

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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

34 Related Party Transactions (Continued)

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

Continuing transactions (Continued)

(iii) Rental income

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Fujian Hongxie Clutch Automobile Parts Co., Ltd.	6,135	111
Tri-Wall Packaging (Fuzhou) Co., Ltd.	66	66
Chongqing Hongxie Clutch Automobile Parts Co., Ltd.	29	687
	6,230	864

(iv) Rental expenses

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Fujian Yaohua Industry Zone Development Co., Ltd.*	17,301	17,301

The above related party transactions were carried out on terms mutually agreed between the parties. In the opinion of the directors of the Company, these transactions are in the ordinary course of business of the Group and in accordance with the term of the underlying agreements.

(v) Key management compensation

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Salaries, wages and bonuses	21,431	15,567
Pension, housing fund, medical insurance and other social insurance	556	401
Others	548	255
	22,535	16,223

Note: * Concurrently the connected parties under Hong Kong Listing Rules.

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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

34 Related Party Transactions (Continued)

(c) Balances with related parties

Amount due from related parties

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Trade receivables (i)	4,259	4,317
Other receivables (ii)	170	641
Prepayments (iii)	2,843	353
	7,272	5,311

	As at 31 December	
	2015 RMB'000	2014 RMB'000
(i) Trade receivables:		
– Fujian Hongxie Clutch Automobile Parts Co., Ltd.	2,466	2,640
– Hubei Jierui Automotive Glass Co., Ltd.	1,475	961
– Fujian Triplex Auto Parts Development Co., Ltd.	185	–
– Hunan Jierui Automotive Glass Co., Ltd.	131	716
– Fujian Triplex Machinery Technology Co., Ltd.	2	–
	4,259	4,317

Ageing analysis of trade receivables due from related parties are as follows:

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Within 3 months	4,259	4,317

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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

34 Related Party Transactions (Continued)

(c) Balances with related parties (Continued)

Amount due from related parties (Continued)

		As at 31 December	
		2015 RMB'000	2014 RMB'000
(ii)	Other receivables:		
	– Tri-Wall Packaging (Fuzhou) Co., Ltd.	88	306
	– Ningbo Hongxie Clutch Automobile Parts Co., Ltd.	49	3
	– Fujian Hongxie Clutch Automobile Parts Co., Ltd.	32	177
	– Fujian Triplex Auto Parts Development Co., Ltd.	1	–
	– Chongqing Hongxie Clutch Automobile Parts Co., Ltd.	–	155
		170	641

		As at 31 December	
		2015 RMB'000	2014 RMB'000
(iii)	Prepayment:		
	– Fujian Triplex Machinery Technology Co., Ltd.	2,843	–
	– Fujian Hongxie Clutch Automobile Parts Co., Ltd.	–	353
		2,843	353

Amount due to related parties

		As at 31 December	
		2015 RMB'000	2014 RMB'000
	Trade payables (iv)	74,298	61,609
	Other payables (v)	4,038	925
		78,336	62,534



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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 December 2015

34 Related Party Transactions (Continued)

(c) Balances with related parties (Continued)

Amount due to related parties (Continued)

	As at 31 December	
	2015 RMB'000	2014 RMB'000
(iv) Trade payables:		
– Ningbo Hongxie Clutch Automobile Parts Co., Ltd.	36,996	26,361
– Fujian Hongxie Clutch Automobile Parts Co., Ltd.	17,859	19,935
– Tri-Wall Packaging (Fuzhou) Co., Ltd.	8,413	9,232
– Chongqing Fuyao Automobile Parts Co., Ltd.	6,858	6,081
– Fujian Triplex Machinery Technology Co., Ltd.	4,172	–
	74,298	61,609

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

	As at 31 December	
	2015 RMB'000	2014 RMB'000
– Within 3 months	69,680	57,910
– 3 to 6 months	1,264	3,671
– 6 to 12 months	3,354	28
	74,298	61,609

	As at 31 December	
	2015 RMB'000	2014 RMB'000
(v) Other payables to related parties:		
– Ningbo Hongxie Clutch Automobile Parts Co., Ltd.	2,995	907
– Fujian Hongxie Clutch Automobile Parts Co., Ltd.	787	18
– Fujian Triplex Machinery Technology Co., Ltd.	158	–
– Tri-Wall Packaging (Fuzhou) Co., Ltd.	98	–
	4,038	925

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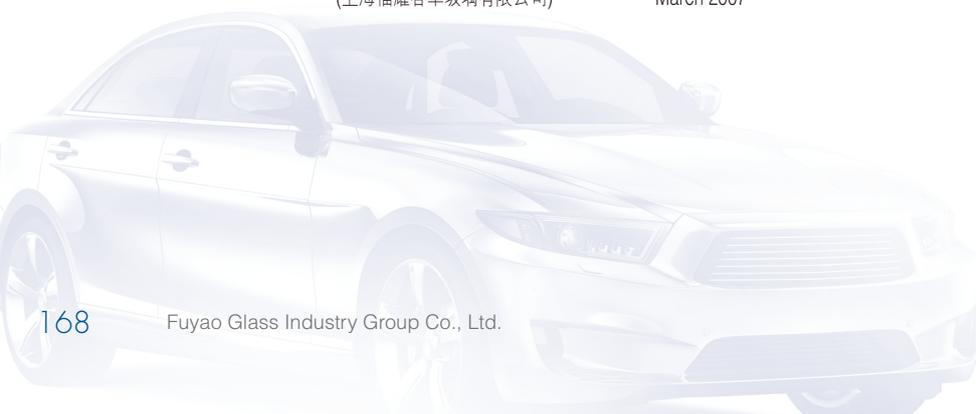
III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

35 Subsidiaries

Particulars of the subsidiaries of the Group as at 31 December 2015 are set out below:

Company name	Country/Place and date of incorporation	Issued and paid up capital/ registered capital ('000)	Effective interests held by the Group %	Direct or Indirect	Principle activities
Fuyao (Hong Kong) Co., Ltd. (福耀(香港)有限公司)	Hong Kong, December 1994	USD41,000	100%	Direct	Investment holding company
Fuyao Group (Hongkong) Limited (福耀集團(香港)有限公司)	Hong Kong, January 2010	USD1,000	100%	Direct	Sales of automobile glass
Yung Tak Investment Limited (融德投資有限公司)	Hong Kong, May 1993	HKD100	100%	Indirect	Property lease
Meadland Limited (Meadland Limited)	Hong Kong, December 1998	USD8,200	100%	Indirect	Investment holding company
Fuyao North America Incorporated (福耀北美玻璃工業有限公司)	U.S.A., August 2001	USD8,000	100%	Direct	Sales of automobile glass
Fuyao Automotive North America, INC. (福耀玻璃配套北美有限公司)	U.S.A., June 2008	USD16,000	100%	Direct	Sales of automobile glass
Fuyao Group Korea Co., Ltd. (福耀集團韓國株式會社)	Korea, September 2007	KRW500,000	100%	Direct	Sales of automobile glass
Fuyao Japan Co., Ltd. (福耀日本株式會社)	Japan, July 2008	JPY10,000	100%	Direct	Sales of automobile glass
Fuyao Europe GmbH (福耀歐洲玻璃工業有限公司)	Germany, June 2007	EUR525	100%	Indirect	Distribution service of automobile glass
Fuyao Group (Fujian) Machinery Manufacturing Co., Ltd. (福耀集團(福建)機械製造有限公司)	PRC, March, 1994	RMB34,000	100%	Direct	Machinery Manufacturing
Fujian Wanda Automobile Glass Industry Co., Ltd. (福建省萬達汽車玻璃工業有限公司)	PRC, July 1994	RMB535,150	100%	Direct	Production and sales of automobile glass
Fuyao Group Changchun Co., Ltd. (福耀集團長春有限公司)	PRC, September 2000	RMB300,000	100%	Direct	Production and sales of automobile glass
Fuyao Glass (Chongqing) Fittings Co., Ltd. (福耀玻璃(重慶)配件有限公司)	PRC, July 2002	RMB80,000	100%	Direct	Production and sales of automobile glass
Fuyao Group Shanghai Automobile Glass Co., Ltd. (福耀集團(上海)汽車玻璃有限公司)	PRC, April 2002	USD68,049	100%	Direct	Production and sales of automobile glass
Shanghai Fuyao Bus Glass Co., Ltd. (上海福耀客車玻璃有限公司)	PRC, March 2007	RMB200,000	100%	Indirect	Production of special glass and high class bus glass



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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

35 Subsidiaries (Continued)

Company name	Country/Place and date of incorporation	Issued and paid up capital/ registered capital ('000)	Effective interests held by the Group %	Direct or Indirect	Principle activities
Fuyao Group Automotive Decoration (Shanghai) Co., Ltd. (福耀集團上海汽車飾件有限公司)	PRC, November 2007	USD30,000	100%	Direct	Production and sales of automobile glass
Fuyao Group Tongliao Co., Ltd. (福耀集團通遼有限公司)	PRC, October 2003	RMB500,000	100%	Direct	Production and sales of float glass
Fuyao Group (Fujian) Engineering Glass Co., Ltd. (福耀集團(福建)工程玻璃有限公司)	PRC, October 1996	USD40,000	100%	Indirect	Production and sales of Engineering Glass
Fuyao Group Beijing Futong Safety Glass Co., Ltd. (福耀集團北京福通安全玻璃有限公司)	PRC, April 2003	USD55,200	100%	Direct	Production and sales of automobile glass
Fuyao Group Shuangliao Co., Ltd. (福耀集團雙遼有限公司)	PRC, August 2003	USD50,028	100%	Direct	Production and sales of float glass
Fuyao Glass Chongqing Co., Ltd. (福耀玻璃(重慶)有限公司)	PRC, March 2004	USD35,000	100%	Direct	Production and sales of automobile glass
Fuyao (Fujian) Bus Glass Co., Ltd. (福耀(福建)巴士玻璃有限公司)	PRC, November 2006	RMB200,000	100%	Direct	Production of special glass and inorganic non-metallic material
Fuyao Glass (Hubei) Co., Ltd. (福耀玻璃(湖北)有限公司)	PRC, November 2007	USD43,000	100%	Direct	Production and sales of automobile glass
Guangzhou Fuyao Glass Co., Ltd. (廣州福耀玻璃有限公司)	PRC, June 2006	USD75,000	100%	Indirect	Production of special glass and inorganic non-metallic material
Hainan Wenchang Fuyao Silica Sand Co., Ltd. (海南文昌福耀矽砂有限公司)	PRC, July 2006	RMB40,000	100%	Direct	Exploitation and sales of mineral
Fuyao Fujian Glass Encapsulation Co., Ltd. (福耀(福建)玻璃包邊有限公司)	PRC, August 2006	RMB10,000	100%	Direct	Production and sales of plastic bonding and rubber
Fuyao Guangzhou Nansha Automotive Glass Co., Ltd. (廣州南沙福耀汽車玻璃有限公司)	PRC, November 2005	USD700	100%	Indirect	Sales of automobile glass
Fuyao (Changchun) Bus Glass Co., Ltd. (福耀(長春)巴士玻璃有限公司)	PRC, January 2004	USD4,850	100%	Indirect	Production of special glass and high class bus glass
Chongqing Wansheng Float Glass Co., Ltd. (重慶萬盛浮法玻璃有限公司)	PRC, April 2009	RMB300,000	100%	Direct	Production and sales of float glass
Zhengzhou Fuyao Glass Co., Ltd. (鄭州福耀玻璃有限公司)	PRC, April 2011	RMB200,000	100%	Direct	Production and sales of automobile glass

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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

35 Subsidiaries (Continued)

Company name	Country/Place and date of incorporation	Issued and paid up capital/ registered capital ('000)	Effective interests held by the Group %	Direct or Indirect	Principle activities
Foshan Fuyao Glass Co., Ltd. (佛山福耀玻璃有限公司)	PRC, March 2012	RMB10,000	100%	Indirect	Sales of automobile glass
Xupu Fuyao Silica Sand Co., Ltd.* (溱浦福耀矽砂有限公司)	PRC, July 2012	RMB15,000	51%	Indirect	Exploitation and sales of mineral
Fuyao Group (Shenyang) Automotive Glass Co., Ltd. (福耀集團(瀋陽)汽車玻璃有限公司)	PRC, June 2012	RMB100,000	100%	Direct	Production and sales of automobile glass
Fuyao Glass Rus Co., Ltd. (福耀玻璃俄羅斯有限公司)	Russia, November 2011	USD80,000	100%	Direct	Production and sales of automobile glass
Fuzhou Fuyao Float Glass Co., Ltd. (福州福耀浮法玻璃有限公司)	PRC, November 2012	RMB700,000	100%	Indirect	Production and sales of float glass
Chengdu Lvrong Automotive Glass Co., Ltd. (成都綠榕汽車玻璃有限公司)	PRC, December 2012	RMB25,000	100%	Indirect	Production and sales of automobile glass
Fuzhou Fuyao Mold Technology Co., Ltd. (福州福耀模具科技有限公司)	PRC, May 2013	RMB300,000	100%	Direct	Research and development of mould
Yantai Fuyao Glass Co., Ltd. (煙台福耀玻璃有限公司)	PRC, June 2013	RMB60,000	100%	Indirect	Sales of automobile glass
Wuhan Fuyao Glass Co., Ltd. (武漢福耀玻璃有限公司)	PRC, July 2013	RMB30,000	100%	Indirect	Sales of automobile glass
Liuzhou Fuyao Glass Co., Ltd. (柳州福耀玻璃有限公司)	PRC, September 2013	RMB20,000	100%	Indirect	Storage and assembly of automobile glass
Baoding Fuyao Glass Co., Ltd. (保定福耀玻璃有限公司)	PRC, March 2014	RMB25,000	100%	Indirect	Storage and assembly of automobile glass
Benxi Fuyao Silica Sand Co., Ltd.* (本溪福耀矽砂有限公司)	PRC, May 2014	RMB60,000	51%	Indirect	Exploitation and sales of mineral
Fuyao Glass America Inc. (福耀玻璃美國有限公司)	U.S.A., March 2014	USD160,000	100%	Direct	Production and sales of automobile glass
Fuyao Asset Management A, LLC (福耀資產A公司)	U.S.A., November 2013	USD0.8	100%	Indirect	Property lease
Fuyao Glass Illinois Inc. (福耀玻璃伊利諾伊有限公司)	U.S.A., August 2014	USD1.0	100%	Indirect	Production and sales of float glass
Fuyao Asset Management C, LLC (福耀資產C公司)	U.S.A., August 2014	USD0.8	100%	Indirect	Property lease
Tianjin Hongde Auto Glass Co., Ltd. (天津泓德汽車玻璃有限公司)	PRC, May 2015	RMB100,000	100%	Direct	Production and sales of automobile glass

Note: * Equity joint ventures.

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III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

36 Balance Sheet and Reserve Movement of the Company

Balance Sheet of the Company

		As at 31 December	
	Note	2015 RMB'000	2014 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		766,913	845,380
Leasehold land and land use rights		40,557	41,639
Intangible assets		70,166	72,556
Investments in subsidiaries		5,108,666	4,501,986
Investments in joint ventures		26,189	44,439
Long-term receivables		380,242	334,613
Deferred income tax assets		9,475	12,170
		6,402,208	5,852,783
Current assets			
Inventories		519,827	512,920
Trade and other receivables		7,283,234	4,411,864
Cash and cash equivalents		5,809,618	288,830
		13,612,679	5,213,614
Asset held-for-sale		280,000	280,000
		13,892,679	5,493,614
Total assets		20,294,887	11,346,397

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

36 Balance Sheet and Reserve Movement of the Company (Continued)

Balance Sheet of the Company (Continued)

		As at 31 December	
	Note	2015 RMB'000	2014 RMB'000
EQUITY			
Share capital		2,508,618	2,002,986
Share premium		6,202,553	184,347
Other reserves	(Note (a))	1,343,079	1,102,138
Retained earnings	(Note (a))	2,655,459	1,918,465
Total equity		12,709,709	5,207,936
LIABILITIES			
Non-current liabilities			
Borrowings		848,000	1,012,558
Deferred income tax liabilities		32,322	27,228
Deferred income on government grants		8,469	10,009
		888,791	1,049,795
Current liabilities			
Trade and other payables		5,298,059	3,135,201
Current income tax liabilities		112,593	–
Borrowings		1,283,420	1,951,132
Derivative financial instruments		775	793
Current portion of deferred income on government grants		1,540	1,540
		6,696,387	5,088,666
Total liabilities		7,585,178	6,138,461
Total equity and liabilities		20,294,887	11,346,397



Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 December 2015

36 Balance Sheet and Reserve Movement of the Company (Continued)

(a) Reserve movement of the Company

	Retained earnings <i>RMB'000</i>	Other reserves <i>RMB'000</i>
At 1 January 2014	1,212,909	909,517
Profit for the year	1,899,670	–
Appropriation to statutory reserve	(192,621)	192,621
Dividends paid relating to 2013	(1,001,493)	–
	<hr/>	<hr/>
At 31 December 2014	1,918,465	1,102,138
At 1 January 2015	1,918,465	1,102,138
Profit for the year	2,480,175	–
Appropriation to statutory reserve	(240,941)	240,941
Dividends paid relating to 2014	(1,502,240)	–
	<hr/>	<hr/>
At 31 December 2015	2,655,459	1,343,079

Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

37 Benefits and Interests of Directors and Supervisors

Directors and supervisors' emoluments

The remuneration of each director and supervisor of the Company paid/payable by the Group for the year ended 31 December 2015 are set out as follows:

	Director's fee RMB'000	Salaries, wages and bonuses RMB'000	Pension, housing fund allowances, medical insurance and other social insurance RMB'000	Others RMB'000	Total RMB'000
Executive directors					
Mr. Cho Tak Wong	–	649	–	249	898
Mr. Chen Xiangming	–	1,749	52	–	1,801
Mr. Chen Jicheng (i)	–	3,451	52	–	3,503
Non-executive directors					
Mr. Tso Fai (ii)	–	3,011	39	–	3,050
Mr. Wu Shinong	90	–	–	–	90
Ms. Zhu Dezhen	90	–	–	–	90
Independent non-executive directors					
Ms. Cheng Yan	150	–	–	–	150
Mr. Liu Xiaozhi	150	–	–	–	150
Mr. Wu Yuhui	150	–	–	–	150
Supervisors					
Mr. Bai Zhaohua (iii)	–	2,322	13	–	2,335
Mr. Chen Mingsen (iv)	–	125	–	–	125
Mr. Ni Shiyong (iv)	–	125	–	–	125
Mr. Lin Houtan (v)	–	88	–	–	88
Mr. Zhou Zunguang (vi)	–	1,459	52	–	1,511
Ms. Zhu Xuanli (vi)	–	302	52	–	354
	630	13,281	260	249	14,420



Section XI Financial report

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2015

37 Benefits and Interests of Directors and Supervisors (Continued)

The remuneration of each director and supervisor of the Company paid/payable by the Group for the year ended 31 December 2014 are set out as follows:

	Director's fee RMB'000	Salaries, wages and bonuses RMB'000	Pension, housing fund allowances, medical insurance and other social insurance RMB'000	Others RMB'000	Total RMB'000
Executive directors					
Mr. Cho Tak Wong	–	443	–	244	687
Mr. Tso Fai	–	2,179	39	–	2,218
Mr. Bai Zhaohua	–	2,161	12	–	2,173
Mr. Chen Xiangming	–	1,546	51	–	1,597
Non-executive directors					
Mr. Wu Shinong	90	–	–	–	90
Ms. Zhu Dezhen	90	–	–	–	90
Independent non-executive directors					
Ms. Cheng Yan	150	–	–	–	150
Ms. Liu Xiaozhi	150	–	–	–	150
Mr. Wu Yuhui	150	–	–	–	150
Supervisors					
Mr. Lin Houtan	–	165	–	–	165
Mr. Zhou Zunguang	–	1,354	51	–	1,405
Ms. Zhu Xuanli	–	273	49	–	322
	<u>630</u>	<u>8,121</u>	<u>202</u>	<u>244</u>	<u>9,197</u>

Notes:

- (i) Mr. Chen Jicheng was appointed as an executive director on 26 October 2015.
- (ii) Mr. Tso Fai was appointed as a non-executive director on 22 August 2015.
- (iii) Mr. Bai Zhaohua was appointed as a supervisor on 8 July 2015.
- (iv) Mr. Chen MingSen and Mr. Ni Shiyong were appointed as supervisors on 10 March 2015.
- (v) Mr. Lin Houtan resigned from supervisor on 8 July 2015.
- (vi) Mr. Zhou Zunguang and Ms. Zhu Xuanli resigned from supervisor on 10 March 2015.

Section XII Business Performance Highlights for the Previous Five Years

CONSOLIDATED INCOME STATEMENT

Currency: RMB Unit: '000

Item	Year ended 31 December				
	2015	2014	2013	2012	2011
Revenue	13,573,495	12,928,182	11,501,210	10,247,391	9,689,410
Cost of sales	7,938,515	7,565,501	6,830,550	6,419,884	6,213,844
Gross profit	5,634,980	5,362,681	4,670,660	3,827,507	3,475,566
Distribution costs and selling expenses	1,020,585	982,165	876,776	778,540	743,524
Administrative expenses	1,287,869	1,031,342	907,576	762,544	630,976
Research and development expenses	592,889	517,924	388,758	236,461	180,286
Other income	97,836	46,017	54,297	62,917	32,992
Other gains/(losses) – net	375,797	(43,091)	177	(48,342)	(9,933)
Operating profit	3,207,270	2,834,176	2,552,024	2,064,537	1,943,839
Finance income	19,725	14,362	3,116	2,198	2,242
Finance costs	190,512	241,223	202,297	226,203	190,254
Finance costs – net	170,787	226,861	199,181	224,005	188,012
Share of profit of joint ventures	5,559	31,029	25,748	21,539	16,017
Profit before income tax	3,042,042	2,638,344	2,378,591	1,862,071	1,771,844
Income tax expense	435,226	421,567	461,924	337,942	259,723
Profit for the year	2,606,816	2,216,777	1,916,667	1,524,129	1,512,121
Profit attributable to:					
Equity holders of the Company	2,604,697	2,219,245	1,917,099	1,524,259	1,512,121
Non-controlling interests	2,119	(2,468)	(432)	(130)	0
Profit for the year	2,606,816	2,216,777	1,916,667	1,524,129	1,512,121
Basic earnings per share	1.10	1.11	0.96	0.76	0.75
Diluted earnings per share	1.10	1.11	0.96	0.76	0.75

CONSOLIDATED BALANCE

Currency: RMB Unit: '000

Item	As at 31 December				
	2015	2014	2013	2012	2011
Total assets	24,841,632	16,890,937	14,683,141	13,160,359	12,319,923
Total liabilities	8,411,905	8,072,971	6,821,546	6,168,810	6,071,450
Total Equity	16,429,727	8,817,966	7,861,595	6,991,549	6,248,473

