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福耀玻璃工业集团股份有限公司
FUYAO GLASS INDUSTRY GROUP CO., LTD.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 3606)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2019

The board of directors (the “**Board**”) of Fuyao Glass Industry Group Co., Ltd. (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended June 30, 2019. This announcement, containing the full text of the 2019 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) in relation to information to accompany preliminary announcements of the interim results. The printed version of the Company’s 2019 interim report will be dispatched to the holders of H shares of the Company and available for viewing on the websites of the Hong Kong Stock Exchange at <http://www.hkexnews.hk> and of the Company at <http://www.fuyao.com> before the end of September 2019.

By order of the Board
Fuyao Glass Industry Group Co., Ltd.
Cho Tak Wong
Chairman

Fuzhou, Fujian, the PRC, August 29, 2019

As at the date of this announcement, the Board of the Company comprises Mr. Cho Tak Wong and Mr. Chen Xiangming, as executive directors; Mr. Tso Fai, Mr. Wu Shinong and Ms. Zhu Dezhen, as non-executive directors; Ms. Cheung Kit Man Alison, Ms. Liu Xiaozhi and Mr. Wu Yuhui, as independent non-executive directors.

Important Notice

I. The Board of Directors, the Board of Supervisors and the directors, supervisors and senior management members of the Company warrant that the content of this interim report is true, accurate and complete and does not contain any false representations, misleading statements or material omissions, and severally and jointly accept legal responsibility thereof.

II. Directors absent

Position of absent director	Name of absent director	Reason for absence	Name of proxy
Independent non-executive Director	Liu Xiaozhi	Business trip	Wu Yuhui
Non-executive Director	Tso Fai	Business trip	Chen Xiangming

III. This interim report has not been audited.

IV. Cho Tak Wong, person-in-charge of the Company, Chen Xiangming, person-in-charge of accounting and Qiu Yongnian, head of the accounting department (person-in-charge of accounting), warrant the truthfulness, accuracy and completeness of the financial report in this interim report.

V. Profit distribution plan or plan to convert surplus reserves into share capital approved by the Board during the Reporting Period

The Company did not formulate the interim profit distribution plan or plan to convert surplus reserves into share capital during the Reporting Period.

VI. Risks disclaimer of the forward-looking statements

The forward-looking statements in this report such as future plans and development strategies do not constitute an actual commitment of the Company to investors. Investors should be aware of the investment risks.

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

No

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

No

IX. Material risk alert

The Company has described details of the possible risks and its countermeasures in this report. Investors are advised to refer to the section of "Section IV Management Discussion and Analysis" in this report for descriptions in respect of the risks we are exposed to.

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Section I Definitions

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

DEFINITIONS OF COMMON TERMS

PRC, China	the People's Republic of China
CSRC	China Securities Regulatory Commission
SSE	The Shanghai Stock Exchange
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Company, 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, RMB1,000, RMB10,000 and RMB100 million	Renminbi 1 Yuan, Renminbi 1,000 Yuan, Renminbi 10,000 Yuan, Renminbi 100 million Yuan, the lawful currency in circulation in the PRC
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 six months from January 1, 2019 to June 30, 2019

Section II Corporate Profile and Principal Financial Indicators

I. COMPANY INFORMATION

Name of the Company in Chinese	福耀玻璃工業集團股份有限公司
Chinese abbreviation	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	Representative of the Securities Affairs
Name	Li Xiaoxi	Zhang Wei
Contact Address	District II of Fuyao Industrial Zone, Fuqing City, Fujian Province	District II of Fuyao Industrial Zone, Fuqing City, Fujian Province
Telephone	86-591-85383777	86-591-85383777
Fax	86-591-85363983	86-591-85363983
E-mail	600660@fuyaogroup.com	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

IV. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

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

Section II Corporate Profile and Principal Financial Indicators

V. INFORMATION ON THE COMPANY'S SHARES

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

VI. PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Principal accounting data

Unit: '000 Currency: RMB

Principal accounting data	During the Reporting Period (January – June) (Unaudited)	Corresponding period last year (Unaudited)	Increase/decrease of the Reporting Period as compared with the corresponding period last year (%)
Revenue	10,287,363	10,085,175	2.00
Profit for the Reporting Period attributable to equity holders of the Company	1,505,295	1,868,355	-19.43
Profit for the Reporting Period attributable to equity holders of the Company, net of non-recurring profit or loss (Note)	1,340,250	1,829,704	-26.75
Net cash generated from operating activities	1,867,701	2,490,758	-25.01

	At the end of the Reporting Period (Unaudited)	At the end of last year	Increase/decrease at the end of the Reporting Period as compared with the end of last year (%)
Equity attributable to shareholders of the Company	19,905,824	20,203,708	-1.47
Total assets	39,478,193	34,503,241	14.42
Total share capital at the end of the period	2,508,618	2,508,618	–

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

Section II Corporate Profile and Principal Financial Indicators

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

(II) Principal financial indicators

Principal financial indicators	During the Reporting Period (January – June) (Unaudited)	Corresponding period last year (Unaudited)	Increase/decrease of the Reporting Period as compared with the corresponding period last year (%)
Basic earnings per share (RMB/share)	0.60	0.74	-18.92
Diluted earnings per share (RMB/share)	0.60	0.74	-18.92
Return on equity (%)	7.56	9.83	Decreased by 2.27 percentage points

VII. DISCREPANCIES IN ACCOUNTING 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

	Profit attributable to the equity holders of the Company		Equity attributable to the holders of the Company	
	Amount for the Reporting Period (Unaudited)	Amount for the corresponding period of previous year (Unaudited)	Amount at the end of the Reporting Period (Unaudited)	Amount at the beginning of the Reporting Period
Prepared in accordance with the China Accounting Standards for Business Enterprises	1,505,572	1,868,621	19,893,299	20,190,906
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	-277	-266	12,525	12,802
Prepared in accordance with the International Financial Reporting Standards	1,505,295	1,868,355	19,905,824	20,203,708

Section II Corporate Profile and Principal Financial Indicators

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

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

In addition to preparing the financial statements for H shares in accordance with the International Financial Reporting Standards (“IFRSs”), the Company, as an A-shares company listed on the SSE, is also required to prepare financial statements in accordance with the China Accounting Standards for Business Enterprises (“CASBE”). There are discrepancies between the financial statements prepared by the Company in accordance with the IFRSs and those prepared by the Company in accordance with the CASBE: 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 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 recognition of the loss on asset impairment of the Group, it shall not be reversed during the subsequent accounting periods. Under the IFRSs, various estimations for the recognition of the recoverable amount of assets applied by the Group have varied since the latest recognition of loss on impairment, and the loss on asset impairment, excluding goodwill, recognised 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.

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

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	Amount
Profit or loss from disposal of non-current assets	-904,193
Government subsidies recorded under current profit or 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	82,380,470
Profit or loss from changes in fair value of held-for-trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, and investment gains from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other creditor's rights investments, other than effective hedging activities related to normal business operations of the Company	32,121,828
Other non-recurring income and expenses other than the above items	72,328,818
Impact on non-controlling interests	-586,005
Effects of income tax	-20,018,888
	<hr/>
Total	165,322,030

Section III Summary of the Business of the Company

I. PRINCIPAL BUSINESS, BUSINESS MODEL AND INDUSTRY OVERVIEW DURING THE REPORTING PERIOD

(I) Principal business and business model

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

(II) Industry Overview

According to the statistics released by the China Association of Automobile Manufacturers, China's automobile production and sales volume in 2018 amounted to 27,809,200 units and 28,080,600 units, representing year-on-year decreases of 4.16% and 2.76%, respectively, marking negative growth for the first time since 1990. Nevertheless, China's automobile production volume increased from 18,264,700 units in 2010 to 27,809,200 units in 2018, with a compound annual growth rate of 5.40%, and China has ranked first in the world for ten consecutive years in terms of production and sales volume; the automobile production and sales volume in January to June 2019 amounted to 12,132,000 units and 12,323,000 units, representing year-on-year decreases of 13.7% and 12.4%, respectively. In particular, the production and sales volume of passenger vehicles were 9,978,000 units and 10,127,000 units, representing year-on-year decreases of 15.8% and 14%, respectively.

With the gradual popularization of automobiles in urban households, China's automobile industry has basically passed the ten-year period of rapid growth from 2000 to 2010 and entered a critical period for transformation. Given the continued slowdown of macroeconomic growth, the ongoing transformation and upgrading of the automobile industry, the termination of the preferential tax policy on purchases of cars with engine displacement of 1.6L or less and the market adaption due to the switch of National VI vehicles, China's automobile market will face more uncertainties in the short run.

In the global automobile industrial structure, the proportion of developing countries in the automobile industry has been increasing, resulting in greater influence; In respect of automobile ownership, there is still a tremendous gap between China and developed countries. In 2018, the automobile ownership per 100 population reached over 80 units, approximately 50 to 60 units and approximately 17 units in the US, Europe and Japan, and China, respectively. Along with the development of China's economy, the ongoing urbanization, the growth of residents' income and spending power, and the improvement of road infrastructure, the potential automobile consumption demand in China is still huge. From the perspective of international horizontal comparison in terms of GDP per capita and automobile ownership, there is still growth potential in China's automobile market and great room for development in the industry that provides accessories for the automobile industry in the medium and long term.

The Chinese automobile industry has now entered a new stage of development characterized by diversified demands and an optimized structure. In general, automobile consumers increasingly focus on quality, personalization and diversification rather than functionality. The promotion of new-energy, intelligent and energy-saving automobiles facilitates economic transformation and upgrading; along with the development of application technology, the automotive glass has developed towards "safety and comfort, energy conservation and environmental friendliness, beautiful appearance, and intelligence and integration" with constantly increasing added value. The industry-leading position of Fuyao in terms of technology has brought structural opportunities to the sale of automotive glass of the Company.

Section III Summary of the Business of the Company

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

(II) Industry Overview (Continued)

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

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

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

There were no substantial changes of the principal assets of the Company during the Reporting Period.

Including: overseas assets of RMB14,124 million, accounting for 35.78% 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 and contributing transparent, exquisite glass to the world. Brand is the core competitiveness of Fuyao.
2. Fuyao has developed a team with devotion, passion, unity and ambition which has competitive advantages in operation, management, technology, quality, technique, design and IT 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 development mechanism, all of which form the systematic business advantages of Fuyao and create barriers to competitors.
5. Development strategy that highlights specialism, devotion and concentration enables the Company to respond promptly to market changes and provide Total Solutions of automotive glass to customers.

Section IV Management Discussion and Analysis

I. MANAGEMENT DISCUSSION AND ANALYSIS

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

In the first half of 2019, the global economic growth slowed down and showed signs of weakening recovery. Under heavy economic downturn pressure, China's automobile industry recorded a decrease in production and sales for 12 consecutive months. According to the statistics released by the China Association of Automobile Manufacturers, the automobile production in January to June 2019 amounted to 12,132,000 units, representing year-on-year decreases of 13.7%. In particular, the production of passenger vehicles were 9,978,000 units, representing year-on-year decreases of 15.8%.

In light of the slowed global economic growth, downturn of domestic economy and continuous negative growth of the automobile industry, during the Reporting Period, the Company realized revenue of RMB10,287,363,000, representing an increase of 2.00% as compared with the corresponding period last year; realized a total profit before tax of RMB1,753,961,000 (of which the exchange gains were RMB31,125,000 for the Reporting Period as compared with an exchange gains of RMB60,839,000 for the corresponding period last year), representing a decrease of 19.45% as compared with the corresponding period last year; realized profit attributable to equity holders of the Company for the period of RMB1,505,295,000, representing a decrease of 19.43% as compared with the corresponding period last year; realised earnings per share of RMB0.60, representing a decrease of 18.92% as compared with the corresponding period last year.

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

1. Market structure became more reasonable and globalization effect gradually came out: The Company played a leading role in sales and established an all-round sales management mechanism to improve the market sensitiveness. In addition, fuelled by international development, the Company strived to optimize the market structure through taking multiple measures in domestic and foreign markets simultaneously, so as to promote the sustained and healthy development of enterprises. Thanks to the above measures, the market structure of our automotive glass both at home and abroad became more reasonable, and saw continuous optimization from 61.35% : 38.65% in the corresponding period last year to 51.74%:48.26% in the first half of 2019. As a result, market structure was further balanced, and our ability to resist regional market risks was enhanced.
2. Promoted the upgrading of product mix: We continued to promote the development of automotive glass toward the direction of safety, comfort, energy saving, environmental protection and intelligent integration. The proportion of high value-added products, such as thermal insulation, sound insulation, head-up display, dimmable, ultraviolet-proof, water proof, solar energy, enveloping edge modularization products, continued to increase, representing an increase of 1.67 percentage points as compared with same period last year, reflecting the value.
3. Promoted the deep integration of the industry: On February 28, 2019, we acquired the aluminum trim strip assets of SAM, a German company. SAM is a leading company in terms of technical capacity in the field of automotive aluminum trim strip, an environment friendly and light weight material, and possesses unique technical patents. The merger and acquisition of SAM would further enhance the integration ability of Fuyao Automotive glass, and expand development room for Fuyao.

Section IV Management Discussion and Analysis

I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

4. Took a lead in R&D innovation and technology: The Company continued to increase investments in research and development, promote the listing of R&D projects and give full play of the leading role. The Company worked to promote innovation and creation in the whole value chain by enhancing R&D and design capability of equipment, technical capacity in manufacturing and processing of equipment, design and manufacturing capability of moulds, fixtures and tooling, and upgrading of production lines in industrialization, automation and informatization.
5. Further improved management ability: Improved and refined various management, streamlined organizational process, deepened the management and application of information technology, strengthened talents management system and team building, solidified the building of basic-level five-star team, enhanced the executive ability and leadership of middle and senior team, so as to increase operational and management efficiency.

(I) Analysis on principal business

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

Unit: '000 Currency: RMB

Items	For the Reporting Period (Unaudited)	For the same period last year (Unaudited)	Percentage Change (%)
Operating revenue	10,287,363	10,085,175	2.00
Cost of sales	6,530,042	5,951,399	9.72
Distribution costs	692,453	672,245	3.01
Administrative expenses	1,003,955	934,275	7.46
Finance costs – net	94,029	58,749	60.05
Research and development expenses	397,195	421,543	-5.78
Net cash generated from operating activities	1,867,701	2,490,758	-25.01
Net cash generated from investing activities	-2,953,393	-1,056,486	179.55
Net cash generated from financing activities	3,100,439	803,398	285.92

Reason for change in revenue: the change was mainly due to further growth in the Company's overseas market of automotive glass and new overseas business of automotive decoration.

Reason for change in cost of sales: the change was mainly due to an increase in the corresponding costs resulting from the increase in revenue and higher costs incurred for new overseas business of automotive decoration under integration.

Reason for change in distribution costs: the increase was mainly due to an increase in distribution costs resulting from the increase in revenue.

Section IV Management Discussion and Analysis

I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(I) Analysis on principal business (Continued)

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

Reason for change in administrative expenses: the change was mainly due to a year-on-year increase in staff salaries.

Reason for change in finance costs – net: the change was mainly due to an increase in borrowings and interest expenses during the Reporting Period.

Reason for change in research and development expenses: the change was mainly due to the fact that the Company further enhanced its management of research and development projects to facilitate its technology upgrade and increase the added value of its products.

Reason for change in net cash generated from operating activities: the change was mainly due to the continuous negative growth of the automobile industry and expenditures for purchase of SAM inventories by FYSAM Auto Decorative GmbH.

Reason for change in net cash used in investing activities: the change was mainly due to the change in net amount in investing activities which was primarily caused by investment in structured wealth management products.

Reason for change in net cash generated from financing activities: the change was mainly due to an increase in demand for working capital, as well as an increase in borrowings and cash reserves.

2. Analysis on revenue and costs

During the Reporting Period, sales of automotive glass of the Company decreased by RMB277,051,000, representing a year-on-year decrease of 2.92%, which was affected by the continuous negative growth of domestic automotive industry. Cost of sales of automotive glass of the Company decreased by RMB68,939,000, representing a year-on-year decrease of 1.12%. Automotive float glass produced the Company is mainly to serve its automotive glass business division with internal supply as its main purpose. Revenue by product is set out as follows:

Unit: '000 Currency: RMB

Product	Revenue	Cost of sales	Gross Profit margin (%)	Change in revenue as compared with last year (%)	Change in cost of sales as compared with last year (%)	Change in gross profit margin as compared with last year (%)
Automotive glass	9,209,555	6,102,728	33.73	-2.92	-1.12	Decreased by 1.21 percentage points
Float glass	1,696,039	1,134,448	33.11	6.09	17.92	Decreased by 6.71 percentage points
Others	949,413	860,510				
Less: Intragroup elimination	-1,567,644	-1,567,644				
Total	10,287,363	6,530,042	36.52	2.00	9.72	Decreased by 4.47 percentage points

Section IV Management Discussion and Analysis

I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(II) Analysis on assets and liabilities

1. Assets and Liabilities

Unit: '000 Currency: RMB

Items	Closing balance (Unaudited)	The percentage of closing balance to the total assets (%)	Opening balance	The percentage of opening balance to the total assets (%)	Change in the closing balance as compared with the opening balance (%)	Explanations
Right-of-use assets	602,354	1.53	-	0.00	100.00	Mainly due to the recognition of the right to use the lease assets during the lease term as right-of-use assets as a result of the implementation of the new lease standards during the Reporting Period. Pursuant to the transition requirements of the new standards, no adjustment was made to the comparable figures for the same period of the previous year.
Other non-current assets	181,561	0.46	843	0.00	21,437.49	Mainly due to the reclassification of the loan due from Jinken Glass Industry Shuangliao Co., Ltd. whose assets and equity interests held by its shareholders have been charged or pledged to the Company from "Trade and other receivables" under this item as the Company extended the term of the loan and the repayment period is more than 1 year as at the end of the Reporting Period.
Other current financial assets at amortised cost	1,100,000	2.79	-	0.00	100.00	Mainly due to the increase in the structure deposits (with fixed interest rate and principal guaranteed) held as at the end of the Reporting Period.
Financial assets at fair value through profit or loss	1,117,154	2.83	387,262	1.12	188.47	Mainly due to the increase in the structure deposits (with floating interest rate and principal guaranteed) held as at the end of the Reporting Period.

Section IV Management Discussion and Analysis

I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(II) Analysis on assets and liabilities (Continued)

1. Assets and Liabilities (Continued)

Items	Closing balance (Unaudited)	The percentage of closing balance to the total assets (%)	Opening balance	The percentage of opening balance to the total assets (%)	Change in the closing balance as compared with the opening balance (%)	Explanations
Restricted capitals	13,652	0.03	8,317	0.02	64.15	Mainly due to the increase in the guaranteed deposits by issuing letters of credit during the Reporting Period.
Cash and cash equivalents	8,398,198	21.27	6,357,656	18.43	32.10	Mainly due to the increase in cash reserve as a result of the increase in demands for the working capital.
Borrowings – Non-current liabilities	1,866,000	4.73	1,246,875	3.61	49.65	Mainly due to the optimization of the structure of long-term and short-term finances by the Company.
Lease liabilities	470,165	1.19	–	0.00	100.00	Mainly due to the measurement of lease liabilities using the present value of the outstanding lease payments as at the commencement date of the lease term as a result of the implementation of new lease standards during the Reporting Period. Pursuant to the transition requirements of the new standards, no adjustment was made to the comparable figures for the same period of the previous year.
Current income tax liabilities	196,180	0.50	331,863	0.96	-40.89	Mainly due to the contribution of the income tax payable withheld in the previous year in the Reporting Period and the decrease in the income tax payable withheld in Reporting Period.
Borrowings – Current liabilities	11,813,408	29.92	7,184,245	20.82	64.43	Mainly due to the increase in loans as a result of the increase in the reserve of working capitals during the Reporting Period.
Derivative financial instruments - Current liabilities	8,877	0.02	3,078	0.01	188.40	Mainly due to the estimated unrealized losses incurred by the unsettled currency swap contracts as a result of movements in foreign exchange rates

Section IV Management Discussion and Analysis

I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(II) Analysis on assets and liabilities (Continued)

2. Details of charge on assets

As at 30 June 2019, lands and buildings with book value of RMB21,693,000 were pledged as security for the credit facilities of HK\$30 million.

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

- (1) Number of employees: as at the end of the Reporting Period, the number of employees of the Company was 25,716, representing a decrease of 1,351 employees as compared with that at the end of 2018, which was mainly attributable to the fact that the Company optimized the establishment of positions to fully explore the enthusiasm and potential of employees, improve the working efficiency of employees, boost the vitality of organizations and improve the corporate competitiveness.
- (2) Remuneration policy: based on the principles of fairness, competitiveness, incentives and legality, the Company formulated its remuneration policy. Remuneration of employees is mainly composed of various items including basic salaries, performance salaries, bonuses, subsidies and allowance; salaries are adjusted in accordance with the Company's performance, employees' performance and capability in a timely manner. In addition, the Company participated in "five social insurances and one housing fund" as required, and made contributions to social insurances and housing provident fund as scheduled.
- (3) Training plans: According to the Group's strategic plan and annual operating policy and plan, the Company made training plans. The Group provides orientation training and on-the-job education for the growth of the employees, of which the orientation training covers subjects such as corporate culture and policies, work ethic and quality, major products and business, production process, quality control and occupational safety. The on-the-job education covers environment, health and safety management systems and mandatory training required by the applicable laws and regulations as well as special training for personnel at various levels and in all professions. Meanwhile, in order to meet the needs of its strategic plan, the Group held various courses for junior, middle and senior management, key technical staff and backbones of all functions and high potential talents, including courses for cadre reserve, courses for manipulators and engineers, lean senior talents and other training programs. Meanwhile, it also conducted WeChat courses, WeChat courses competitions and other types of trainings to further optimize the training system. Through providing training and developing talents, the Company secured talents for enterprises transformation and upgrading and strategy implementation, promoted the high-quality development of the enterprises and improved operation efficiency of the enterprises.

Section IV Management Discussion and Analysis

I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(III) Liquidity and source of capital

1. Cash flows

Unit: '000 Currency: RMB

Items	For the Reporting Period (Unaudited)	For the same period last year (Unaudited)
Net cash generated from operating activities	1,867,701	2,490,758
Net cash used in investing activities	(2,953,393)	(1,056,486)
Net cash generated from financing activities	3,100,439	803,398
Amount increased in liquidity	<u>2,040,542</u>	<u>2,305,269</u>

- (1) During the Reporting Period, net cash generated from operating activities amounted to RMB1,868 million. In particular, cash received from sale of goods and provision of labor services amounted to RMB11,290 million; cash paid for purchase of goods and acceptance of labor services amounted to RMB6,287 million, cash paid to and paid on behalf of employees amounted to RMB2,323 million, and payment for various taxes amounted to RMB988 million.

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

- (2) During the Reporting Period, net cash used in investing activities amounted to RMB2,953 million. In particular, cash paid for purchase and construction of long-term assets like property, plant and equipment amounted to RMB1,378 million.
- (3) During the Reporting Period, net cash generated from financing activities amounted to RMB3,100 million, of which, cash received from borrowings amounted to RMB10,133 million, cash used for repayment of debts amounted to RMB4,934 million; cash payment for distribution of dividends and payment of interests amounted to RMB2,053 million.
- (4) The Company will further strengthen and promote management system with intensive capital and budget, strictly control the exchange risks and optimize the capital structure to enhance the security and effectiveness of capital management and ensure the maximization of capital efficiency.

2. Capital expenditure

Capital expenditure of the Company was mainly used for continuous contribution to new projects and the Company's other transformation and upgrading expenditures. During the Reporting Period, RMB1,378 million in cash was paid for purchase and construction of long-term assets like property, plant and equipment. In particular, capital expenditure of European FYSAM automotive accessories project amounted to approximately RMB257 million, and capital expenditure of Suzhou automotive glass project amounted to approximately RMB262 million.

Section IV Management Discussion and Analysis

I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(III) Liquidity and source of capital (Continued)

3. Borrowings

During the Reporting Period, the new bank borrowings amounted to approximately RMB8,433 million; new ultra short-term bonds amounted to RMB1,700 million; repayment of bank borrowings amounted to approximately RMB4,934 million. The Company did not utilize any financial instrument for hedging. As of June 30, 2019, interest-bearing debts are set out as follows:

Unit: 100 million Currency: RMB

Type	Amount (Unaudited)
Short-term borrowings with fixed interest rates	83.73
Short-term borrowings with floating interest rates	0.50
Long-term borrowings with floating interest rates due within one year	5.10
Long-term borrowings with floating interest rates	18.66
Corporate bond	8.00
Ultra short-term financing bills	20.00
	<hr/>
Total	<hr/> 135.99

Note: The figures in the above table exclude interest payable accrued.

4. Foreign exchange risks and foreign exchange gains or losses

The principal business of the Group is situated within the PRC and is denominated in Renminbi. However, foreign exchange risks still exist for the assets and liabilities in foreign currencies and future foreign currency transactions as recognized by the Group (assets and liabilities in foreign currencies and foreign currency transactions are mainly denominated in US dollar). The finance department of the headquarters of the Group is responsible for monitoring the scale of foreign currency transactions and assets and liabilities in foreign currencies of the Group to reduce the foreign exchange risks to the largest extent; as such, the Group may avoid foreign exchange risks by ways of intensifying internationalized development; reasonably matching the size of foreign currency assets and liabilities and the expansion of peripheral operations; optimizing the currencies in settlement of operations; matching the revenue and expenses in the same currency; and adopting appropriate exchange instruments such as locking the exchange rate and entering into forward foreign exchange contracts, currency swap contracts or swap. During the Reporting Period, foreign exchange gains of the Group amounted to RMB31 million, as compared with foreign exchange gains of RMB61 million for the corresponding period of last year.

Section IV Management Discussion and Analysis

I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(IV) Capital efficiency

Inventory turnover period during the Reporting Period was 94 days as compared with 90 days of the corresponding period of last year: among which, inventory turnover period for automotive glass was 66 days as compared with 67 days of the corresponding period of last year; inventory turnover period for float glass was 174 days as compared with 139 days of the corresponding period of last year, which is mainly due to the fact that the internal demand for original chips failed to meet the expectation as a result of the continuous negative growth in the automobile industry.

The turnover period of the trade receivables during the Reporting Period was 75 days, representing a decrease of 8 days as compared with 83 days of the corresponding period of last year, which was mainly due to the expedited recovery of trade receivables resulting in the slight decrease in the turnover period of the trade receivables.

During the Reporting Period, the return on equity was 7.56% as compared with 9.83% of the corresponding period of last year, which was mainly due to the year-on-year decrease in net profit during the Reporting Period.

Gearing ratio during the Reporting Period is set out as follows (as prepared in accordance with the IFRSs):

Unit: '000 Currency: RMB

	As at June 30, 2019 (Unaudited)	As at December 31, 2018
Total borrowings	13,679,408	8,431,120
Less: Cash and cash equivalents	-8,398,198	-6,357,656
Net debts	5,281,210	2,073,464
Total equity	19,905,090	20,202,674
Total capital	<u>25,186,300</u>	<u>22,276,138</u>
Gearing ratio (%)	<u>20.97%</u>	<u>9.31%</u>

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

(V) Commitments

For details, please refer to “25. Commitments” in the “Section IX Financial Report”.

(VI) Contingent liabilities

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

Section IV Management Discussion and Analysis

I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(VII) Prospects of the Company for the second half of 2019

In the second half of 2019, risks and uncertainties will continue to loom both at home and abroad. The development of automobile industry has stepped into a new era, so it will take time to upgrade and integrate and accumulate strength. In the second half of 2019, the Company will carry out the following works according to the Group's business strategy formulated at the beginning of the year:

1. Continuing to give the leading role to sales, enhancing market sensitivity, establishing a comprehensive sales management mechanism and levelling up market competitiveness.
2. Continuing to pursue management innovation and technology development and innovation, deepening the application of information technology, and improving management and per capita efficiency, in an effort to realize value creation.
3. Strengthening the application of simulation technology, and constantly improving the development of simulation platform, so as to provide more targeted design services and more lean smart production solutions.
4. Ramping up efforts to develop and train talents, and enhancing the overall quality of talents, to meet the needs of Fuyao's globalization management.
5. Speeding up the integration of SAM projects, and further expanding the boundary of businesses, with an aim to enhance product added value and market competitiveness.

(VIII) Analysis of Investment

1. Overall analysis on external investment in equity interest

- a. In order to better supply integrated products for automobile manufacturers with increased product added value, while further increasing the scale of our automobile accessories and expanding our reach in the field of automobile components, as well as to provide automobile manufacturers with high quality products and services, enhance the cooperation stickiness with them, and improve the comprehensive competitiveness of the Company, FYSAM Auto Decorative GmbH, a wholly-owned subsidiary of the Company, acquired from Dr Holger Leichtle (an independent third party), the receiver of SAM, the assets of SAM including equipments, materials, finished products, semi-finished products and tooling apparatus for a consideration of EUR58,827,566.19. For details, please refer to the announcements of the Company dated January 16, 2019 and March 1, 2019 published on the Shanghai Securities News, the China Securities Journal and the Securities Times, as well as the websites of the SSE (<http://www.sse.com.cn>) and the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).
- b. Fujian Fuyao Automotive Aluminium System Co., Ltd. (福耀汽車鋁件(福建)有限公司) was established by the Company on February 1, 2019 with the registered capital of RMB150 million, and 100% equity interest of which is held by the Company. Fujian Fuyao Automotive Aluminium System Co., Ltd. is principally engaged in design, development and manufacturing of aluminum alloy parts and other parts, sale of its self-manufactured products and provision of relevant supporting services.

Section IV Management Discussion and Analysis

I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(VIII) Analysis of Investment (Continued)

1. Overall analysis on external investment in equity interest (Continued)

- c. Fujian Fuyao Automotive Trim System Co., Ltd. (福建福耀汽車飾件有限公司), a wholly-owned subsidiary of the Company, and Fujian Triplex Investment Co., Ltd. entered into the Agreement on Transfer of Equity Interests in Jiangsu Fuyao Automotive Trim System Co., Ltd. on March 15, 2019, pursuant to which Fujian Fuyao Automotive Trim System Co., Ltd. acquired 100% equity interests in Jiangsu Fuyao Automotive Trim System Co., Ltd. (江蘇三鋒汽車飾件有限公司) (now renamed as Jiangsu Fuyao Automotive Decoration Co., Ltd. (江蘇福耀汽車飾件有限公司), same below) held by Fujian Triplex Investment Co., Ltd. (福建三鋒投資有限公司) at a price of RMB66 million. Jiangsu Fuyao Automotive Trim System Co., Ltd. is mainly engaged in the manufacturing of automotive decorations and parts, molds and fixtures and sale of its self-manufactured products. Please refer to the announcement dated March 16, 2019 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times and the websites of the SSE (<http://www.sse.com.cn>) and the Hong Kong Stock Exchange (www.hkexnews.hk) for details.

The Company's external investments in the corresponding period last year: (1) Fuyao (Hong Kong) Co., Ltd., a wholly-owned subsidiary of the Company, acquired the 78% equity interest in Sanqi (Xiamen) Precision Manufacturing Co., Ltd. held by Roring Investments Limited at a price of USD12,675,000; (2) Fuyao (Hong Kong) Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100% equity interests in Fujian Triplex Holdings Group Company Limited held by Triplex Holdings Limited at a price of RMB223,765,000.

- (1) Financial assets at fair value

Unit: Yuan Currency: RMB

Items	Opening balance	Closing balance (Unaudited)	Changes in the Reporting Period	Impacted amounts on current profits
Forward foreign exchange contracts	239,690	-1,372,569	-1,612,259	-1,612,229
Currency swap contracts	44,224,931	39,097,390	-5,127,541	-5,127,541
Short call on foreign exchange		-5,315,000	-5,315,000	
Structural deposits	385,860,411	1,115,494,843	729,634,432	14,634,432
Principal-guaranteed wealth management products with the gains linked with J.P. Morgan MOZAIC WEEKLY Index	1,401,366	1,658,902	257,536	257,536
Total	431,726,398	1,149,563,566	717,837,168	8,152,198

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

Section IV Management Discussion and Analysis

I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(IX) Material disposal of assets and equities

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

However, Taiyuan Jinnuo made a request to the Company for extending the payment date of the transfer payment for the remaining 24% equity interest in Beijing Futong due to its financial strain. As considered and approved at the eighth meeting of the ninth session of the Board of Directors of the Company on December 24, 2018, the Board of Directors of the Company agreed that Taiyuan Jinnuo shall pay the transfer payment for the remaining 24% equity interest in Beijing Futong before June 30, 2019. The Company and Taiyuan Jinnuo entered into the Supplementary Agreement to the Equity Transfer Agreement in respect of Fuyao Group Beijing Futong Safety Glass Co., Ltd. in Fuqing City, Fujian Province on the same day.

In the first half of 2019, Taiyuan Jinnuo made an application again to the Company for changing the payment date of the transfer payment for the remaining 24% equity interest in Beijing Futong due to its financial strain. As considered and approved at the eleventh meeting of the ninth session of the Board of Directors of the Company on August 28, 2019, the Board of Directors of the Company agreed that Taiyuan Jinnuo shall pay the transfer payment for the remaining 24% equity interest in Beijing Futong before June 30, 2020. Meanwhile, it is agreed that Taiyuan Jinnuo shall pay interest at 8% per annum of the remaining 24% equity interest in Beijing Futong. The Company and Taiyuan Jinnuo entered into the Supplementary Agreement (II) to the Equity Transfer Agreement in respect of Fuyao Group Beijing Futong Safety Glass Co., Ltd. in Fuqing City, Fujian Province on the same day.

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

Section IV Management Discussion and Analysis

I. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(X) Analysis of major subsidiaries and investee companies

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

Company	Business nature	Major products or services	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Fujian Wanda Automobile Glass Industry Co., Ltd.	Manufacturing enterprise	Production and sale of automotive glass products	74,514.95	326,300.32	160,121.97	115,222.27	53,147.37	51,668.56
Fuyao Group (Shanghai) Automobile Glass Co., Ltd.	Manufacturing enterprise	Production and sale of automotive glass products	USD 68,048,800	458,700.77	106,884.36	113,147.19	34,464.26	32,671.79
Guangzhou Fuyao Glass Co., Ltd.	Manufacturing enterprise	Production of special glass made of inorganic nonmetallic materials and products	USD 75,000,000	305,914.80	91,164.45	106,431.55	26,512.86	23,102.94
Fuyao Glass America Inc (<i>Note</i>)	Manufacturing enterprise	Production and sale of automotive glass products	USD 330,000,000	606,837.59	71,596.24	191,095.19	14,730.43	14,759.50

Note: Fuyao Glass America Inc. has 100% equity interest in each of Fuyao Illinois Inc. (福耀伊利諾伊有限公司) and Fuyao Asset Management C, LLC (福耀美國C資產公司). The financial figures of Fuyao Glass America Inc. as disclosed in the above table are the figures of the three companies after consolidation.

Section IV Management Discussion and Analysis

II. OTHER DISCLOSURES

(I) Potential risks

1. Risks on economic, political and social conditions, and government policies

Most assets of the Company are located in the PRC and approximately half of the income is from the business in the PRC. Therefore, the operating results, financial status and prospects of the Company are influenced by the changes in economy, politics, policies and laws. As the Chinese economy is in the stage of transformation and upgrade, the business of the Company in the PRC might also 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 industry development

The global automobile industry is in the process of transformation and upgrading. Competition in the automobile industry is stretching from the manufacturing field to the service field, and automobile consumers increasingly focus on quality rather than functionality. Intelligent, networking and digital elements will play key roles in the development of the automobile industry. As most private enterprises in the PRC automobile industry are small in scale, business consolidation will be inevitable. If the Company fails to promptly respond to technological changes, it may fail to cater for customers' demands. If the demand for automobiles fluctuates, the demand for products of the Company would also fluctuate, which might result in an adverse impact on the financial position and operating results of the Company. In light of the above, the Company will enrich product lines, optimize product structure and increase the added value of products, including encapsulated products, HUD glass, acoustic glass, hydrophobic glass, SPD light transmittance glass, coated glass and UV-cut glass, as well as providing more comprehensive product solutions and services to customers worldwide.

3. Risks associated with market competition

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

Section IV Management Discussion and Analysis

II. OTHER DISCLOSURES (CONTINUED)

(I) Potential risks (Continued)

4. Risks associated with cost fluctuations

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. Due to fluctuations 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, continuous rising of labor cost, the Company is exposed to the risk of cost fluctuations. Given the above, the Company will:

- (1) sort out key material suppliers and develop cooperative partnership with them; set up a sound mechanism for rating and incentives of suppliers, and give incentives to outstanding suppliers; set up an iron-triangle management mechanism for suppliers of key materials and import of materials, focusing on areas such as procurement, technique and quality.
- (2) enhance the research on the price trend of raw materials and make purchases in a timely manner; expand supply channel to ensure a stable and effective supply.
- (3) improve the utilization rate of materials, increase automation, optimize staff allocation, enhance efficiency, conserve energy and reduce consumption, strictly control costs throughout the process, integrate logistics, optimize packaging plans, increase transportation capacity of lorries and containers, reduce costs of packaging and logistics, enhance innovation in research and development and application of research accomplishments, increase productivity, improve management level and achieve overall efficiency.
- (4) strengthen customer loyalty and inspire their confidence in placing orders at the same time through setting up 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.
- (5) improve knowledge productivity and create value for the Company by devoting efforts to energy conservation in manufacturing and management, as well as product intelligence.

Section IV Management Discussion and Analysis

II. OTHER DISCLOSURES (CONTINUED)

(I) Potential risks (Continued)

5. Risks associated with exchange rate fluctuations

China has reformed the RMB exchange rate mechanism on the principles of voluntarism, gradualism and controllability and pursues a managed floating exchange rate regime that is based on market supply and demand and with reference to a 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 approximately 50% and keeps growing every year, a significant fluctuation 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 currency transactions as well as foreign currency assets and liabilities of the Group, and manage the potential fluctuations in exchange rates possibly by optimizing the settlement currency of export trades and utilizing exchange rate financial instruments and other proactive preventive measures; (2) the Company will strengthen customer loyalty and inspire their confidence in placing orders through building plants in 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 its customers operate

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

Section IV Management Discussion and Analysis

II. OTHER DISCLOSURES (CONTINUED)

(I) Potential risks (Continued)

7. Cyber risk and security

With the growing smart manufacturing capacity of enterprises, operation and management of core business are all backed by and realized through information systems. In case of external attack, ransomware virus against the core information network of the Company, corruption of important files and failures in manufacturing execution system and other systems may occur, or production and delivery would be affected. Therefore, the Company will, in accordance with the guidance of the overall information security scheme, (1) implement strict control over the provision and port of external access, update patches in a timely manner for resources such as the server, the memory, etc., and install hardware firewalls to ward off the trespass of hackers into internal sources through protection vulnerabilities; (2) conduct attack and defense drills on a regular basis, track down underlying security risks promptly and take corresponding measures to control risks thereof; (3) continue the consistent cooperation with worldwide top-notch cyber security service providers which has lasted for years and establish a multilayered and tridimensional defense system so as to identify the abnormal situation as it's happening, carry out countermeasures automatically and ensure data security; (4) establish crisis awareness to guard against all kinds of cyber risks; and enhance the cyber security consciousness and sense of participation of the entire staff and regulate their online behaviors so as to help the staff learn techniques and methods for secure use of the Internet and improve the capability of resisting and avoiding harmful information on the Internet.

8. Information swindle and theft

With the advancement of information-based construction of enterprises, core data in relation to sales, design, techniques and finance of enterprises are exposed to the risk of theft, which would result in impairment of the core competitiveness of enterprises. In order to avoid such risks, the Company has accelerated the progress of information encryption and desktop virtualization. On the one hand, the Company has the core information system encrypted so that copied files or data cannot be opened outside the enterprise network, which will in turn guarantee information security; it paces up in the construction of visualized desktop for R&D department, design department and other nucleus departments and carries out concentrated storage of core information assets so as to reduce the possibility of individual storage and information dissemination, on the other hand. In addition, the Company has also adopted the model that integrated software and hardware and formulated three-layered security measures for the avoidance of information leakage to regulate the download, copy and utilization of important files. Clear demarcation has been made among data, files, technical documents, intranet, extranet, and VPN, and corresponding protection measures are adopted.

Section IV Management Discussion and Analysis

III. CORPORATE GOVERNANCE

(I) Corporate Governance Overview

1. Corporate Governance Code

The Company is committed to maintaining a high level of corporate governance in order to increase the shareholders' value and safeguard the interests of the shareholders. The Company has formulated a modernized corporate governance structure and established general meetings, the Board of Directors, the Board of Supervisors, special committees of the Board of Directors and senior management with reference to the Company Law of the People's Republic of China, the Mandatory Clauses for Articles of Association of Companies Listed Overseas, the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules and other provisions.

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

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

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

The Company has adopted the Model Code set out in Appendix 10 to the Hong Kong Listing Rules as the model code on trading the securities of the Company for all directors, supervisors and relevant employees (as defined in the Corporate Governance Code). According to the specific enquiries made to the directors and supervisors of the Company, all directors and supervisors have confirmed that they had strictly complied with the standards stipulated under the Model Code during the Reporting Period.

3. Independent non-executive directors

As at June 30, 2019, the Board of Directors comprised nine directors, three of whom are independent non-executive directors. Mr. Wu Yuhui, an independent non-executive director, possesses accounting and financial management qualifications. The composition of the Board of Directors is in line with the requirements that "every board of directors of a listed issuer must include at least three independent non-executive directors", "an issuer must appoint independent non-executive directors representing at least one-third of the board" and "at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise" as stipulated in rules 3.10(1), 3.10A and 3.10(2) of the Hong Kong Listing Rules, respectively.

Section IV Management Discussion and Analysis

III. CORPORATE GOVERNANCE (CONTINUED)

(II) Special committees of the Board of Directors

1. Audit Committee

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

2. Remuneration and Assessment Committee

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

3. Nomination Committee

The Company has established a nomination committee in accordance with code provisions 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 chairperson of the nomination committee is Ms. Cheung Kit Man Alison, an independent non-executive director, and the other members are Ms. Liu Xiaozhi, an independent non-executive director, and Mr. Tso Fai, the vice chairman of the Board of Directors and a non-executive director. The terms of reference of the nomination committee are available on the websites of the Company, the SSE and the Hong Kong Stock Exchange.

Section IV Management Discussion and Analysis

III. CORPORATE GOVERNANCE (CONTINUED)

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

4. Strategy and Development Committee

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

(III) Significant matters

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

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

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

The audit committee under the Board of Directors has reviewed the unaudited condensed consolidated interim financial statements and the interim report of the Company for the six months ended June 30, 2019 and has discussed with the senior management of the Company on such matters as the accounting policies and practices adopted by the Company.

Section V Significant Events

I. GENERAL MEETING

General meeting	Date of convention	Directory to designated site of the publication of resolution	Date of disclosure of the publication of resolution
2018 annual general meeting	May 14, 2019	www.sse.com.cn www.hkexnews.hk	May 15, 2019

Information on the General meeting

The 2018 annual general meeting was convened on May 14, 2019 through a combination of physical meeting and online voting, at which all the resolutions were considered and approved by all shareholders by way of poll. For details, please refer to the “Announcement on Resolutions Passed at the 2018 Annual General Meeting of Fuyao Glass Industry Group Co., Ltd.” dated May 15, 2019 published on the Shanghai Securities News, the China Securities Journal, the Securities Times, and the website of the SSE (www.sse.com.cn) and the “Poll Results of the 2018 Annual General Meeting” on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

II. PROFIT DISTRIBUTION PLAN OR PLAN TO CONVERT SURPLUS RESERVES INTO SHARE CAPITAL

- (I) Proposed interim profit distribution plan or plan to convert surplus reserves into share capital

During the Reporting Period, the Company did not formulate any interim profit distribution plan or plan to convert surplus reserves into share capital.

Section V Significant Events

III. PERFORMANCE OF UNDERTAKINGS

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

Nature of the undertaking	Type of the undertaking	Undertaking party	Details of the undertaking	Time 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 of the Company for the upcoming three years (2018-2020) is as follows:</p> <p>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 way of cash for the year not 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 utilization of 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.</p>	Date of announcement of the undertaking: May 12, 2018, Term of performance of the undertaking: January 1, 2018 to December 31, 2020	Yes	Yes

Section V Significant Events

III. PERFORMANCE OF UNDERTAKINGS (CONTINUED)

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

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
			<p>5. Differentiated cash dividend policy: the Board of Directors of the Company 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 requirements in item (3) above. 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 the Board of 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>			

Section V Significant Events

IV. THE APPOINTMENT AND DISMISSAL OF ACCOUNTANTS

During the Reporting Period, there is no change of appointment or dismissal of the accountants.

V. MATERIAL LITIGATION AND ARBITRATION

The Company has no material litigation or arbitration during the Reporting Period.

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

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

VII. SUBSTANTIAL CONNECTED TRANSACTIONS

(I) Connected transactions in relation to ordinary business operations

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

Description of the matter

The Resolution in Relation to the Lease of Properties by Fuyao Europe GmbH, a Wholly-Owned Subsidiary of the Company, from Global Cosmos German Limited was considered and approved at the sixteenth meeting of the eighth session of the Board of Directors convened on October 25, 2017.

Inquiry index

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

Section V Significant Events

VII. SUBSTANTIAL CONNECTED TRANSACTIONS (CONTINUED)

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

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

Description of the matter	Inquiry index
The Resolution in Relation to the Lease of Properties from Fujian Yaohua Industrial Village Development Co., Ltd. by the Company, the Resolution in Relation to the Projected Daily Connected Transactions between the Company and Tri-Wall Packaging (Fuzhou) Co., Ltd. for the Year 2019, and the Resolution in Relation to the Projected Daily Connected Transactions between the Company and Jinken Glass Industry Shuangliao Co., Ltd. for the Year 2019 were considered and approved at the seventh meeting of the ninth session of the Board of Directors convened on October 25, 2018.	For details, please refer to the Announcement on the Daily Connected Transactions of Fuyao Glass Industry Group Co., Ltd. and the Announcement of Fuyao Glass Industry Group Co., Ltd. on Connected Transaction in Relation to Leasing of Property by its Wholly-Owned Subsidiary dated October 26, 2018 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, and on the website of the SSE (http://www.sse.com.cn), and the Announcement on Renewal of the Continuing Connected Transaction under the Lease Contract dated October 26, 2018 as published on the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk).

Connected transactions in relation to the daily operations in the first half of 2019 are as below (having been disclosed in interim announcements):

Unit: 0'000 Currency: RMB

Connected party	Connected relationship	Nature of the connected transaction	Details of the connected transaction	Pricing principle of the connected transaction	Estimated amounts in 2019	Actual amounts in the first half of 2019	Percentage of amount of the same type of transactions (%)	Settlement method of the connected transaction
Tri-Wall Packaging (Fuzhou) Co., Ltd.	Joint venture	Purchase of goods and equipment	Procurement of raw and auxiliary materials	Market price	14,000.00	3,774.18	31.96	30 days upon the invoice date
Jinken Glass Industry Shuangliao Co., Ltd.	Associate	Purchase of goods and equipment	Procurement of raw and auxiliary materials	Market price	29,000.00	8,035.41	68.04	60 days upon the invoice date
Tri-Wall Packaging (Fuzhou) Co., Ltd.	Joint venture	Sale of goods	Sale of raw and auxiliary materials	Market price	20.00	8.16	100.00	60 days upon the invoice date

Section V Significant Events

VII. SUBSTANTIAL CONNECTED TRANSACTIONS (CONTINUED)

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

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

Connected party	Connected relationship	Nature of the connected transaction	Details of the connected transaction	Pricing principle of the connected transaction	Estimated amounts in 2019	Actual amounts in the first half of 2019	Percentage of amount of the same type of transactions (%)	Settlement method of the connected transaction
Jinken Glass Industry Shuangliao Co., Ltd.	Associate	Sale of goods	Sale of raw and auxiliary materials	Market price	80.00	0.00	0.00	Settlement in the corresponding month
Tri-Wall Packaging (Fuzhou) Co., Ltd.	Joint venture	Water, electricity, gas and other utility expenses (sale)	Sale of water and electricity	Agreed price	130.00	53.29	100.00	30 days upon the invoice date
Tri-Wall Packaging (Fuzhou) Co., Ltd.	Joint venture	Other inflows	Revenue from property leasing	Market price	8.00	6.62	100.00	30 days upon the invoice date
Tri-Wall Packaging (Fuzhou) Co., Ltd.	Joint venture	Other inflows	Revenue from management consultation	Agreed price	300.00	97.91	80.61	30 days upon the invoice date
Jinken Glass Industry Shuangliao Co., Ltd.	Associate	Other inflows	Revenue from management consultation	Market price	80.00	23.55	19.39	30 days upon the invoice date
Fujian Yaohua Industrial Village Development Co., Ltd.	Others	Other outflows	Leasehold property	Market price	2,200.00	1,425.46	59.30	Payment before June 30
Global Cosmos German Limited (Note)	Others	Other outflows	Leasehold property	Market price	2,328.11	978.20	40.70	Payment before June 30
Total					48,146.11	14,402.78		

Notes:

1 The estimated amount in 2019 between the Company and Global Cosmos German Limited was €2,972,500 (tax inclusive, equivalent to RMB23,281,100), whereas the actual amount in the first half of 2019 was €1,248,900 (equivalent to RMB9,782,000), exclusive of tax of €237,300 (equivalent to RMB1,858,600).

2 The actual amounts in the first half of 2019 were unaudited.

Section V Significant Events

VII. SUBSTANTIAL CONNECTED TRANSACTIONS (CONTINUED)

(II) Connected transactions in relation to acquisition and disposal of assets or equities

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

Description of the matter

In order to better provide its integrated products to automotive manufacturers and increase the added value of such products, further expand the business scale of the automotive decorations of the Company, widen the coverage of automotive parts, and better facilitate the provision of quality products and services to automotive manufacturers, which will, in turn, help enhance the stickiness of the cooperation between the Company and automotive manufacturers and strengthen the comprehensive competitiveness of the Company, Fujian Fuyao Automotive Trim System Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100% equity interests in Jiangsu Fuyao Automotive Trim System Co., Ltd. held by Fujian Triplex Investment Co., Ltd. for a total consideration of RMB66,000,000.

Inquiry index

For details, please refer to the Announcement of Fuyao Glass Industry Group Co., Ltd. on the Acquisition of 100% Equity Interests in Jiangsu Triplex Automotive Decoration Co., Ltd. by a Wholly-owned Subsidiary and Connected Transaction dated March 16, 2019 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, and on the website of the SSE (<http://www.sse.com.cn>), and the Connected Transaction Acquisition of 100% Equity Interests in Jiangsu Triplex Automotive Decoration by Fuyao Automotive Decoration dated March 16, 2019 as published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

Section V Significant Events

VII. SUBSTANTIAL CONNECTED TRANSACTIONS (CONTINUED)

(III) Amounts due to or from connected parties

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

The Resolution in Relation to Provision of Loans for Jinken Glass Industry Shuangliao Co., Ltd. by the Company and its Domestic Subsidiaries was considered and approved at the fifteenth meeting of the eighth session of the Board of Directors of the Company on August 4, 2017, which approved the Company and its domestic subsidiaries to grant a loan to Jinken Glass Industry Shuangliao Co., Ltd. (hereinafter referred to as "Jinken Glass"), with a limit of no more than RMB190,000,000, a term of no more than 24 months, and an interest rate of no less than the RMB benchmark loan interest rate of financial institutions as published by the PBOC for the corresponding period. For details, please refer to the Announcement of Fuyao Glass Industry Group Co., Ltd. on Connected Transaction in Relation to Provision of Loans to a Related Party dated August 5, 2017 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, and on the website of the SSE (<http://www.sse.com.cn>).

The Company entered into a Loan Contract with Jinken Glass on August 31, 2017, and entered into the Equity Pledge Contract with other shareholders of Jinken respectively—Shuangliao Jinyuan Glass Product Co., Ltd. and Jilin Huasheng Gas Group Co., Ltd. (both are independent third parties). 50% and 25% of equity interests in Jinken Glass held by them respectively were provided as pledge guarantee for the aforementioned connected loans.

To keep the healthy operation of Jinken Glass, enable it to provide stable raw material supply for the Company and promote its successful repayment of the loan, the Company agreed to extend the loan period of Jinken Glass to August 15, 2021. For details, please refer to the Announcement of Fuyao Glass Industry Group Co., Ltd. on Connected Transaction in Relation to Provision of Loans to a Related Party dated March 16, 2019 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, and on the website of the SSE (<http://www.sse.com.cn>).

Section V Significant Events

VIII. MATERIAL CONTRACTS AND THE IMPLEMENTATION THEREOF

1. Guarantee

Unit: 0'000 Currency: RMB

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 to subsidiaries

Total amount of the guarantees to subsidiaries during the Reporting Period	10,000
Balance of the total amount of the guarantees to subsidiaries at the end of the Reporting Period (B)	167,494

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

Total amount of guarantees (A+B)	167,494
Total amount of guarantees as a percentage of the net assets of the Company (%)	8.41
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

Explanation on guarantee	Foreign currencies are translated into RMB based on the exchange rates announced by the People's Bank of China as at June 28, 2019
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Section V Significant Events

IX. POVERTY ALLEVIATION BY THE LISTED COMPANY

1. Targeted poverty alleviation planning

Under the guidance of Core Cultural System of Fuyao Group and in accordance with the core corporate concept of “self-development while benefiting the world”, Fuyao Group has always been creating values for shareholders and wealth for customers while engaging in public services, caring for the lives of underprivileged groups and people in difficulties and earnestly fulfilling its social responsibility in order to promote the advancement and harmonious development of communities, enterprises and the regional economy. Besides, the Articles of Association of Fuyao Glass Industry Group Co., Ltd. further specifies the authorization system of different amounts for external donation or sponsorship to ensure effective supervision in this regard.

2. Summary of targeted poverty alleviation during the Reporting Period

During the Reporting Period, Heren Charitable Foundation established by Mr. Cho Tak Wong in early years by way of donation of his 300 million shares in Fuyao Glass Industry Group Co. Ltd. made a donation of RMB44 million, of which RMB12.20 million was used for targeted poverty alleviation, including:

- the donation of RMB4 million to the Department of Education of Xinjiang Uygur Autonomous Region for the Construction of the Xinjiang Healthy Water Project Phase III by purchasing water purification equipment for 80 primary and middle schools in the poverty-stricken areas in southern Xinjiang to resolve the issue of healthy water for teachers and students;
- the donation of RMB6 million to support the schooling of students excellent in both morals and studies from poverty-stricken families;
- the donation of RMB1.5 million to Hongan County, Hubei Province to boost the development of underprivileged villages and the construction of beautiful countryside;
- the donation of RMB200,000 to China Society for Promotion of the Guangcai Program for boosting the planting and breeding industries in Zhijin County, Guizhou; and
- the donation of RMB500,000 to Guyuan City, Ningxia to finance the sight rehabilitating surgeries for 500 impoverished cataract patients in Southern Ningxia.

Section V Significant Events

IX. POVERTY ALLEVIATION BY THE LISTED COMPANY (CONTINUED)

3. Achievements of targeted poverty alleviation

Unit: '0,000 Currency: RMB

Index	Number and implementation information
I. GENERAL INFORMATION	
Including: 1. Fund	1,220
2. Cash equivalents of supplies	0
II. ITEMIZED INPUT	
1. Poverty alleviation through industrial development	
Including: 1.1 Type of poverty alleviation projects through industrial development	
	<input checked="" type="checkbox"/> Poverty alleviation through agriculture and forestry <input type="checkbox"/> Poverty alleviation through tourism <input type="checkbox"/> Poverty alleviation through E-commerce <input type="checkbox"/> Poverty alleviation through assets income <input type="checkbox"/> Poverty alleviation through science and technology <input checked="" type="checkbox"/> Others
1.2 Number of industrial projects of poverty alleviation through industrial development	7
1.3 Amount invested in projects of poverty alleviation through industrial development	170
1.4 Number of poor people registered who got help in successfully fighting against poverty (<i>Person</i>)	50
2. Poverty alleviation through shift of occupation	
3. Poverty alleviation through relocation	
4. Poverty alleviation through education	
Including: 4.1 Amount invested in subsidizing poor students	600
4.2 Number of poor students receiving allowance (<i>Person</i>)	1,500
4.3 Amount invested in improvement of education resources in poverty areas	400
5. Poverty alleviation from the perspective of health	
Including: 5.1 Amount invested in medical and health care resources	50
6. Poverty alleviation from the perspective of ecological protection	
7. Basic guarantee	
8. Poverty alleviation in the society	
9. Others	

Note: The above data relates to the targeted poverty alleviation activities by Heren Charitable Foundation established by Mr. Cho Tak Wong by way of donation of his 300 million shares in Fuyao Glass Industry Group Co. Ltd. Heren Charitable Foundation is an independent charitable foundation that operates in accordance with the PRC laws and its articles of association. Mr. Cho Tak Wong and any person acting in concert with him, including Fujian Yaohua Industrial Village Development Co., Ltd., Sanyi Development Limited and Homekiu Overseas Holdings Limited (鴻橋海外控股有限公司), do not have any control over Heren Charitable Foundation, nor are they beneficiaries of Heren Charitable Foundation. Therefore, Heren Charitable Foundation is independent from Mr. Cho Tak Wong and his associates.

Section V Significant Events

IX. POVERTY ALLEVIATION BY THE LISTED COMPANY (CONTINUED)

4. Milestone in fulfilling the social responsibility of targeted poverty alleviation

At present, the intellectual assistance program in Chongqing is undergoing in an orderly manner and all promissory tasks will be completed within the year. The scholarship, dictionaries and schoolbags for poverty-stricken students have all been released, and the installation of water purification equipment in southern Xinjiang has been completed substantially.

5. Subsequent targeted poverty alleviation plan

In accordance with the core corporate concept of “self-development while benefiting the world”, Fuyao Group will continue to create values for shareholders and wealth for customers while engaging in public services, caring for the lives of underprivileged groups and people in difficulties and earnestly fulfilling its social responsibility in order to promote the advancement and harmonious development of communities, enterprises and the regional economy.

Heren Charitable Foundation, established via 300 million shares of Fuyao Glass Industry Group Co. Ltd. held by Mr. Cho Tak Wong, will contribute further to the three-year initiative for winning the anti-poverty battle in respect of health in the “three regions and three prefectures” launched by the State Council Poverty Alleviation Office and the National Health Commission. In the three years from 2019 to 2021, it will emphatically support areas in gripping poverty and special crowds with poverty problems in the “three regions and three prefectures”, comprising Tibet Autonomous Region, four prefectures in southern Xinjiang (Hotan, Aksu, Kashi, Kizilsu Kirgiz Autonomous Prefecture) and the Tibetan regions covered by the four provinces (Sichuan, Yunnan, Gansu, Qinghai), as well as the Liangshan Yi Autonomous Prefecture in Sichuan Province, Nujiang Lisu Autonomous Prefecture in Yunnan Province, and Linxia Hui Autonomous Prefecture in Gansu Province (collectively referred to as the “three prefectures”). The anti-poverty battle in respect of health will mainly focus on the prevention of such infectious diseases as hydatid disease, Kashin-Beck disease, AIDS, tuberculosis, etc. The Company is currently, together with the six provinces covered by the “three regions and three prefectures”, discussing and arguing for detailed projects, and expects to put such projects into actual practice in succession within the year. Other targeted poverty alleviation projects are also underway stepwise and have brought along substantial results. The Company’s next move is to carry on with its consistent support for various targeted poverty alleviation initiatives.

Section V Significant Events

X. ENVIRONMENTAL INFORMATION

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

1. Pollutant discharge

Chongqing Wansheng Float Glass Co., Ltd. (a wholly-owned subsidiary of the Company, hereinafter referred to as “Chongqing Float Glass”) is listed as the “Polluting Enterprise under Key Supervision by the State” by the Ministry of Environmental Protection. Chongqing Float Glass mainly produces high-quality float glass with two production lines with a daily melting capacity of 600 tons, taking the natural gas as the production fuel. The exhaust gas produced in the natural gas burning will be discharged through 100m chimney to the upper air after the dust removal and denitration treatment, and the specific pollutants are smoke, SO₂ and NO_x. Chongqing Float Glass implements the emission standard in the Chart 2 of GB26453–2011 Emission Standard of Air Pollutants for the Flat Glass Industry.

The waste gas produced by the two production lines of Chongqing Float Glass is discharged through two chimneys, among which No. DA001 waste gas discharge outlet discharges special pollutants including smoke, SO₂ and NO_x with the measured concentration of 18.4mg/m³, 135.8mg/m³ and 299.6mg/m³ respectively in the first half of 2019, and No. DA012 discharge outlet discharges special pollutants including smoke, SO₂ and NO_x with the measured concentration of 8.8mg/m³, 117.6mg/m³ and 241.9mg/m³ respectively in the first half of 2019, the total emission quantity of 9.91t/a, 92.9t/a and 198.37t/a respectively and the total permitted emission quantity of 81.321t/a, 650.62t/a and 1,138.59t/a, respectively for the first half of the year. The above emission concentrations are lower than the national emission standards, and the total emission quantity is lower than the total amount verified by the environmental protection authority.

The Company adheres to the equal emphasis on development and environment. In order to reduce the emission of air pollutants, and decrease the emission quantity of pollutants, Chongqing Float Glass has two sets of kiln gas dust removal and denitration facilities adopting the electrostatic dust removal + SCR denitration with a designed treatment capacity of 100,000 m³/hour. The above facilities are under normal operation with an actual treatment capacity of 70,000 m³/hour to 80,000 m³/hour.

2. Construction and operation of pollution prevention and control facilities

The two production lines of Chongqing Float Glass use natural gas as the production fuel and are supported by two sets of dust removal and denitration environmental protection facilities. Both production lines are in normal operation. With an online flue monitoring system, real-time data is transmitted to the environmental protection authority.

Section V Significant Events

X. ENVIRONMENTAL INFORMATION (CONTINUED)

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

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

The project of Chongqing Float Glass has passed the EIA approval and the completion and environmental protection acceptance by the Environmental Protection Bureau of Wansheng Economic Development Zone of Chongqing. Chongqing Float Glass strictly implements national emission standards and is committed to improving environment to minimise the impact on the surrounding areas.

4. **Contingency plan for environmental emergencies**

Chongqing Float Glass proposes measures and constructs facilities to reduce the probability of environmental emergencies in terms of technology, engineering and management, comprehensively evaluates the risk prevention and control capabilities for environmental emergencies, and accurately determines the environmental risk level of the Company's environmental emergencies. On the basis of environmental risk assessment, the Contingency Plan for Environmental Emergencies was revised and improved. The plan has been reviewed by environmental experts and filed with the local Environmental Protection Bureau to ensure environmental safety.

5. **Environmental self-monitoring program**

Chongqing Float Glass carries out self-monitoring in combination of automatic monitoring and manual monitoring. In accordance with the pollutant discharge (control) standards of the state and Chongqing, and based on the characteristics of the flat glass manufacturing industry and the requirements on environmental assessment, acceptance data and sewage discharge permit, Chongqing Float Glass establishes standard discharge outlets, and uses automatic monitoring devices to continuously monitor real-time data of exhaust gas, fumes, sulfur dioxide, and nitrogen oxides discharged from the glass furnace all day and transmits the same to the environmental protection authority. Manual monitoring is conducted in case of failure of the automatic monitoring facility. For the indicators that cannot be monitored by the online monitoring equipment, the Company mainly entrusts a qualified environmental monitoring agency for manual monitoring or evaluation and issue of monitoring reports.

6. **Other environmental information that should be disclosed**

On the one hand, Chongqing Float Glass makes its environmental information publicly available on real time through the Integrated Management and Publicity Platform for Basic Information on Environmental Credit Evaluation of Enterprises in Chongqing; on the other hand, it publishes the annual environmental report on the Company's website (<http://www.fuyaogroup.com>) to consciously fulfill its corporate environmental responsibility.

Section V Significant Events

X. ENVIRONMENTAL INFORMATION (CONTINUED)

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

1. Float glass business division

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

Fuqing Float mainly produces high-quality float glass with three production lines with a daily melting capacity of 600 tons, Tongliao Float mainly produces high-quality float glass with two production lines with a daily melting capacity of 600 tons and Benxi Float mainly produces high-quality float glass with two production lines with a daily melting capacity of 600 tons, all taking the natural gas as the production fuel. The exhaust gas produced in the natural gas burning will be discharged through 100m chimney to the upper air after the dust removal and denitration treatment, and the specific pollutants are smoke, SO₂ and NO_x. Fuqing Float implements the emission standard in the Chart 2 of GB26453-2011 Emission Standard of Air Pollutants for the Flat Glass Industry.

Fuqing Float has constructed three sets of dust removal and denitration facilities, Tongliao Float has built two sets of kiln gas dust removal and denitration facilities adopting the electrostatic dust removal + SCR denitration and Benxi Float has built two sets of kiln gas dust removal and denitration facilities adopting an integrated facilities for desulfurization, denitrification and dust removal (ceramic catalyst cartridge filter), each with a designed treatment capacity of 100,000 m³/hour. The above facilities are under normal operation with an actual treatment capacity of 70,000 m³/hour to 80,000 m³/hour.

2. Automotive glass business division

The production lines of the Company's automotive glass business division are mainly for production of laminated glass (windshield), tempered glass (for rear windows), tempered glass (for side windows) and encapsulated glass. The specific pollutants include printing waste gases including benzene, toluene and xylene; waste water generated from washing glass including COD, ammonia nitrogen, BOD₅ and SS; waste liquid and waste residue, waste ink box, waste encapsulated glass barrel, used oil, oily waste cloth and other hazardous wastes.

For the abovementioned pollutants, the Company mainly adopts the following methods for treatment: discharge of printing and drying waste gas via the 15m exhaust funnel; installation of reclaimed water recycling and treatment system; the treatment process is sedimentation + flocculation and flotation + sand filtration and carbon filtration, which is used to treat and recycle waste water generated from washing glass; qualified companies are entrusted to treat hazardous wastes; general solid wastes including leftover glass materials are recycled by the group companies; and the public sanitation department is responsible for transportation and treatment of domestic wastes.

The verification and monitoring data of the environmental protection authority indicates that the emission concentrations of the specific pollutants including waste gases and waste water generated by the automotive glass business division of the Company are lower than national emission standards and the total emission amount thereof is also lower than that verified by the environmental protection authority.

Section V Significant Events

XI. DETAILS OF OTHER SIGNIFICANT MATTERS

- (I) Details, reasons and impact from the changes to the accounting policies, accounting estimates and audit methods compared with the last accounting period

For details, please refer to “2. Accounting Policies” in the “Section IX Financial Report”.

Section VI Changes in Ordinary Shares and Information of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in shares

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

II. PARTICULARS OF SHAREHOLDERS

(I) Total number of shareholders

As at June 30, 2019, total number of shareholders of the Company was 111,565, of which, 111,510 were holders of A shares and 55 were holders of H shares.

Total number of shareholders of ordinary shares as at the end of the Reporting Period	111,565
Total number of shareholders of preference shares with voting rights restored as at the end of the Reporting Period	0

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

Unit: Share

Particulars of top 10 shareholders

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	Number	Nature of shareholders
HKSCC NOMINEES LIMITED <i>(Note)</i>	400	491,740,000	19.60		Unknown		Unknown
Sanyi Development Limited		390,578,816	15.57		Nil		Overseas legal person
Heren Charitable Foundation		290,000,000	11.56		Nil		Domestic non state- owned legal person
Hong Kong Securities Clearing Company Limited	-81,318,883	202,152,253	8.06		Unknown		Unknown
Bai Yongli		34,653,315	1.38		Unknown		Unknown
Fujian Yaohua Industrial Village Development Co., Ltd.		34,277,742	1.37		Pledged	24,000,000	Domestic non state- owned legal person
China Securities Finance Corporation Limited		28,095,495	1.12		Unknown		Unknown
Central Huijin Asset Management Ltd		24,598,300	0.98		Unknown		Unknown
Li Haiqing		21,942,159	0.87		Unknown		Unknown
China Life Insurance Company Limited— Dividend — Personal dividend — 005L — FH002H	21,300,802	21,402,802	0.85		Unknown		Unknown

Section VI Changes in Ordinary Shares and Information of Shareholders

II. PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

Shareholding of the top ten shareholders not subject to selling restrictions

Name of shareholders	Number of tradable shares held without selling restrictions	Type and number of shares	
		Type	Number
HKSCC NOMINEES LIMITED <i>(Note)</i>	491,740,000	Overseas listed foreign shares	491,740,000
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	202,152,253	Ordinary shares dominated in RMB	202,152,253
Bai Yongli	34,653,315	Ordinary shares dominated in RMB	34,653,315
Fujian Yaohua Industrial Village Development Co., Ltd.	34,277,742	Ordinary shares dominated in RMB	34,277,742
China Securities Finance Corporation Limited	28,095,495	Ordinary shares dominated in RMB	28,095,495
Central Huijin Asset Management Ltd	24,598,300	Ordinary shares dominated in RMB	24,598,300
Li Haiqing	21,942,159	Ordinary shares dominated in RMB	21,942,159
China Life Insurance Company Limited—Dividend — Personal dividend — 005L — FH002H	21,402,802	Ordinary shares dominated in RMB	21,402,802

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

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

Note: Shares held by HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) are held on behalf of various customers.

Section VI Changes in Ordinary Shares and Information of Shareholders

II. PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

As at June 30, 2019, the interests and short positions of directors, supervisors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, (a) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code set out in Appendix 10 of the Hong Kong Listing Rules, were as follows:

Name	Capacity/nature of interest	Number of shares interested	Percentage of total issued share capital of the relevant class of shares ⁽³⁾ (%)	Percentage of total issued share capital of the Company ⁽³⁾ (%)	Class of shares
Cho Tak Wong (the chairman and an executive director) ⁽¹⁾	Beneficiary owner/interest of spouse/interest of controlled corporation	425,171,386(L)	21.23(L)	16.95(L)	A share
Tso Fai (the vice chairman and a non-executive director) ⁽²⁾	Interest of controlled corporation	12,086,605(L)	0.60(L)	0.48(L)	A share

Notes:

- (1) Mr. Cho Tak Wong directly holds 314,828 A shares (L) and indirectly holds 390,578,816 A shares (L) through Sanyi Development Limited. In addition, Mr. Cho Tak Wong is deemed to be interested in the 34,277,742 A shares (L) indirectly held by his spouse, Ms. Chan Fung Ying.
- (2) Mr. Tso Fai indirectly holds 12,086,605 A shares (L) through Homekiu Overseas Holdings Limited (鴻橋海外控股有限公司).
- (3) The percentage is calculated based on the number of the relevant class of issued shares or the total issued shares of the Company as at June 30, 2019.
- (4) (L) – long position.

Save as disclosed above, as at June 30, 2019, none of directors, supervisors and chief executives of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Section VI Changes in Ordinary Shares and Information of Shareholders

II. PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

As at June 30, 2019, the Company was notified of the following persons other than directors, supervisors or chief executive of the Company who had 5% or more interests or short positions in the issued shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

Name	Capacity/nature of interest	Number of shares interested	Percentage of total issued share capital of the relevant class of shares ⁽⁵⁾ (%)	Percentage of total issued share capital of the Company ⁽⁵⁾ (%)	Class of shares
Chan Fung Ying ⁽¹⁾	Interest of spouse/ interest of controlled corporation	425,171,386(L)	21.23(L)	16.95(L)	A share
Sanyi Development Limited	Beneficial owner	390,578,816(L)	19.50(L)	15.57(L)	A share
Heren Charitable Foundation	Beneficial owner	290,000,000(L)	14.48(L)	11.56(L)	A share
Matthews International Capital Management, LLC	Investment manager	78,532,800(L)	15.53(L)	3.13(L)	H share
Royal Bank of Canada ⁽²⁾	Interest of controlled corporation	50,775,600(L)	10.04(L)	2.02(L)	H share
Commonwealth Bank of Australia ⁽³⁾	Interest of controlled corporation	45,071,800(L)	8.91(L)	1.80(L)	H share
Mawer Investment Management Ltd.	Investment manager	45,305,087(L)	8.96(L)	1.81(L)	H share
Black Rock, Inc. ⁽⁴⁾	Interest of controlled corporation	26,031,768(L) 1,184,000(S)	5.15(L) 0.23(S)	1.04(L) 0.05(S)	H share

Notes:

- (1) Ms. Chan Fung Ying indirectly holds 34,277,742 A shares (L) through Fujian Yaohua Industrial Village Development Co., Ltd. ("Yaohua"), of which, 14,000,000 A shares (L) were pledged to China Merchants Securities Co., Ltd. by Yaohua. In addition, she was deemed to be interested in 390,893,644 A shares (L) held by her spouse, Mr. Cho Tak Wong.
- (2) As RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management Inc. and RBC Global Asset Management (U.K.) Limited, the entities controlled by Royal Bank of Canada, held 50,775,600 H shares (L) of the Company in aggregate, Royal Bank of Canada was deemed to be interested in the shares of the Company held by such entities.
- (3) Commonwealth Bank of Australia held 45,071,800 H shares (L) of the Company in aggregate through multiple entities under its control. Commonwealth Bank of Australia was deemed to be interested in the shares of the Company held by such entities.
- (4) Black Rock, Inc. held 26,031,768 H shares (L) and 1,184,000 H shares (S) of the Company through multiple entities under its control. In addition, 110,400 H shares (S) were related to derivatives, namely the unlisted derivatives – cash settled.
- (5) The percentage is calculated based on the number of the relevant class of issued shares or the total issued shares of the Company as at June 30, 2019.
- (6) (L)—long position, (S)—short position.

Save as disclosed above, as at June 30, 2019, no person had 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 the SFO.

Section VII Directors, Supervisors and Senior Management

I. CHANGES IN SHAREHOLDING

- (I) Changes in shareholding of current and resigned directors, supervisors and senior management

Unit: Share

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

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

Section VII Directors, Supervisors and Senior Management

II. CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

Pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules, the changes in the information of directors of the Company are as follows:

1. Ms. Liu Xiaozhi, an independent non-executive director of the Company, was appointed as an independent director of Global Board of Directors of AB InBev, a world's leading brewer (Euronext: ABI; NYSE: BUD; MEXBOL: ANB; JSE: ANH), in March 2019.
2. Mr. Wu Yuhui, an independent non-executive director of the Company, was appointed as an independent director of Century Securities Company Limited in June 2019.
3. Mr. Chen Mingsen, a supervisor of the Company, resigned as an independent non-executive director of Guomai Technologies, Inc. (a company listed on the Shenzhen Stock Exchange, stock code: 002093) in March 2019.

Save as disclosed above, during the Reporting Period, the Company is not aware of any changes in information of directors or supervisors which need to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

Section VIII Relevant Information of Corporate Bonds

I. BASIC INFORMATION OF CORPORATE BONDS

Unit: Yuan Currency: RMB

Name of bonds	Stock short name	Code	Issue date	Maturity date	Balance of bonds	Interest rate (%)	Payment of interest and principal	Stock exchange
Public Issuance of 2016 Corporate Bonds (First Tranche) of Fuyao Glass Industry Group Co., Ltd.	16 FUYAO	136566 01	July 22, 2016	July 22, 2019	800,000,000	3	Interest will be payable annually, and the principal will be repaid upon maturity	SSE

Interest Payment of Corporate Bonds

16 FUYAO 01 operates with the interest payable annually and the principal to be repaid upon maturity in one lump sum and the interest together with the principal to be paid at the same time for the last tranche. The coupon rate of such bonds was 3.00% (annualised interest rate). The Company has completed the payment of bond interests and principal as at the date of disclosure of this report, the details of which are as follows:

1. The first interest bearing period commenced from July 22, 2016 to July 21, 2017. For details, please refer to the Announcement on Interest Payment in 2017 Regarding the Public Issuance of 2016 Corporate Bonds (First Tranche) of Fuyao Glass Industry Group Co., Ltd. dated July 14, 2017 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, and the websites of the SSE (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkexnews.hk).
2. The second interest bearing period commenced from July 22, 2017 to July 21, 2018. For details, please refer to the Announcement on Interest Payment in 2018 Regarding the Public Issuance of 2016 Corporate Bonds (First Tranche) of Fuyao Glass Industry Group Co., Ltd. dated July 14, 2018 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, and the websites of the SSE (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkexnews.hk).
3. The last principal and interest payment period commenced from July 22, 2018 to July 21, 2019. For details, please refer to the Announcement on Principal and Interest Payment Regarding 2016 Corporate Bonds (First Tranche) and Delisting of Fuyao Glass Industry Group Co., Ltd. dated July 10, 2019 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, and the websites of the SSE (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkexnews.hk).

II. CONTACT PERSON AND CONTACT METHODS OF CORPORATE BOND TRUSTEE AND CONTACT METHODS OF CREDIT RATING AGENCY

Bond Trustee	Name	Beijing Haiwen & Partners
	Office address	20/F, Fortune Financial Center, 5 Dong San Huan Central Road, Chaoyang District, Beijing
	Contact person	Gao Wei
Credit rating agency	Contact number	010-85606888
	Name	China Chengxin Securities Rating Co., Ltd.
	Office address	21/F, Anji Building, No. 760, South Tibet Road, Shanghai

Section VIII Relevant Information of Corporate Bonds

III. THE USE OF PROCEEDS RAISED FROM CORPORATE BONDS

- The proceeds raised from 16 FUYAO 01 (hereinafter referred to as the "Current Corporate Bonds"), after deducting the issuance costs, will be utilized to repay the debts due and to replenish the working capital. As at the end of the Reporting Period, the capital raised from the Current Corporate Bonds had been used up. The management and use of the capital raised from the above corporate bonds are consistent with the intended use, use plan and other commitments specified in the corporate bonds prospectus. Details of the specific use are as below:

Repayment of Bank Loans with Proceeds Raised from the Current Corporate Bonds

Unit: Yuan Currency: RMB

No.	Name of banks	Amount	Payment date
1	Sumitomo Mitsui Banking Corporation (China) Limited, Shanghai Branch	70,398,533.33	July 26, 2016
2	Sumitomo Mitsui Banking Corporation (China) Limited, Chongqing Branch	70,578,608.33	July 27, 2016
3	Sumitomo Mitsui Banking Corporation (China) Limited, Shenyang Branch	70,000,000.00	July 29, 2016
4	Citibank, N. A., Guangzhou Branch	200,000,000.00	August 1, 2016
Total		<u>410,977,141.66</u>	

Replenishment of Working Capital with Proceeds Raised from the Current Corporate Bonds

Unit: Yuan Currency: RMB

No.	Use	Amount
1	Payment of salaries	96,823,988.77
2	Payment of goods purchased	83,756,537.95
3	Payment of tax dues	79,783,748.94
4	Payment of electric charges	43,022,379.14
5	Payment of gas bills	40,965,215.94
6	Payment of due drafts issued	30,055,447.33
7	Payment of social insurance funds	6,587,168.20
8	Payment of delivery expenses	4,541,483.28
9	Payment of storage and transportation expenses	1,253,206.12
10	Payment of water rates	155,557.10
Total		<u>386,944,732.77</u>

Section VIII Relevant Information of Corporate Bonds

III. THE USE OF PROCEEDS RAISED FROM CORPORATE BONDS (CONTINUED)

2. Procedures to the Use of Proceeds

The Company used the proceeds raised from the Current Corporate Bonds in strict compliance with the agreements in the “Prospectus of Fuyao Glass Industry Group Co., Ltd. in Relation to the Public Issuance of 2016 Corporate Bonds (First Tranche) (to Qualified Investors)” (hereinafter referred to as the “Prospectus”) and the requirements under the Articles of Association of the Company, the Administrative Measures for Investment and Raised Proceeds, and other relevant provisions. The Company established specific accounts to receive, place, transfer and repay interest and principal, and strictly implemented escalated approval procedures. Upon receipt, the proceeds raised from the Current Corporate Bonds was used in strict compliance with the requirements under approval authority management provisions of the Company.

3. Operation of Specific Accounts of Proceeds from Bond Issuance

The Company, in strict compliance with relevant agreements in the Prospectus, established specific accounts to receive, place, transfer and repay interest and principal. As at the end of the Reporting Period, there is no operational anomaly in specific accounts of proceeds raised from the Current Corporate Bonds.

IV. THE CORPORATE BONDS RATINGS

According to the comprehensive assessment by China Chengxin Securities Rating Co., Ltd. (中誠信證券評估有限公司), the Company's corporate credit rating is rated as AAA, and 16 FUYAO 01's credit rating is rated as AAA, indicating that the Company has a strong ability to repay debts and minimal risk of default, and is less likely to be impacted by adverse economic environment.

On April 19, 2017, China Chengxin Securities Rating Co., Ltd. carried out follow-up credit assessment of the Current Corporate Bonds. According to the final determination of the Credit Rating Committee of China Chengxin Securities Rating, the corporate credit rating of the Company remains AAA. Due to stable prospects of the credit rating, the credit rating of the Current Corporate Bonds remains AAA.

On April 26, 2018, China Chengxin Securities Rating Co., Ltd. carried out follow-up credit assessment of the Current Corporate Bonds. According to the final determination of the Credit Rating Committee of China Chengxin Securities Rating, the corporate credit rating of the Company remains AAA. Due to stable prospects of the credit rating, the credit rating of the Current Corporate Bonds remains AAA.

On April 26, 2019, China Chengxin Securities Rating Co., Ltd. carried out follow-up credit assessment of the Current Corporate Bonds. According to the final determination of the Credit Rating Committee of China Chengxin Securities Rating, the corporate credit rating of the Company remains AAA. Due to stable prospects of the credit rating, the credit rating of the Current Corporate Bonds remains AAA.

For details of relevant follow-up rating report, please refer to the Follow-up Rating Report of the Public Issuance of 2016 Corporate Bonds (First Tranche) of Fuyao Glass Industry Group Co., Ltd. (2017) dated April 21, 2017, the Follow-up Rating Report of the Public Issuance of 2016 Corporate Bonds (First Tranche) of Fuyao Glass Industry Group Co., Ltd. (2018) dated April 27, 2018 and the Follow-up Rating Report of the Public Issuance of 2016 Corporate Bonds (First Tranche) of Fuyao Glass Industry Group Co., Ltd. (2019) dated April 27, 2019 as published on the websites of the SSE (<http://www.sse.com.cn>), the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the official website of China Chengxin Securities Rating Co., Ltd. (<http://www.ccxr.com.cn>).

Section VIII Relevant Information of Corporate Bonds

V. CORPORATE BOND CREDIT ENHANCEMENT MECHANISM, DEBT REPAYMENT PLAN AND OTHER RELEVANT INFORMATION OF THE COMPANY DURING THE REPORTING PERIOD

1. Credit enhancement mechanism of Current Corporate Bonds

There is no guarantee in connection with the Current Corporate Bonds.

2. Debt repayment plan of the Current Corporate Bonds

The Company will start the repayment of the annual interest for the last interest-bearing period (i.e. from July 22, 2018 to July 21, 2019), and complete the delisting thereof on July 22, 2019. For details, please refer to the Announcement on Principal and Interest Payment Regarding 2016 Corporate Bonds (First Tranche) and Delisting of Fuyao Glass Industry Group Co., Ltd. dated July 10, 2019 as published on the websites of the SSE (www.sse.com.cn), the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (<http://www.fuyaogroup.com>).

As at the date of disclosure of this report, the Company has completed the payment of bond interest and principal.

VI. INFORMATION ON CORPORATE BONDHOLDERS' MEETING

There was no corporate bondholders' meeting during the Reporting Period.

VII. INFORMATION ON PERFORMANCE OF DUTIES OF CORPORATE BONDS TRUSTEE

During the duration of the Current Corporate Bonds, Beijing Haiwen & Partners, the bond trustee, strictly complied with the stipulations in the Bond Trustee Management Agreement to continuously monitor the Company's credit status, management and use of proceeds, and supervise the Company to fulfill its obligations stipulated in the Corporate Bonds Prospectus. Beijing Haiwen & Partners has actively exercised the duties as a bond trustee to safeguard the legal rights and interests of bondholders.

On June 23, 2017, the bond trustee issued the 2016 Bond Trustee Management Services Report of Public Issuance of 2016 Corporate Bonds (First Tranche) of Fuyao Glass Industry Group Co., Ltd..

On June 28, 2018, the bond trustee issued the 2017 Bond Trustee Management Services Report of Public Issuance of 2016 Corporate Bonds (First Tranche) of Fuyao Glass Industry Group Co., Ltd..

On May 23, 2019, the bond trustee issued the Interim Bond Trustee Management Services Report of Public Issuance of 2016 Corporate Bonds (First Tranche) of Fuyao Glass Industry Group Co., Ltd..

On June 21, 2019, the bond trustee issued the 2018 Bond Trustee Management Services Report of Public Issuance of 2016 Corporate Bonds (First Tranche) of Fuyao Glass Industry Group Co., Ltd..

Details of above reports are set out in the announcements dated June 24, 2017, June 29, 2018, May 23, 2019 and June 25, 2019 as published on the websites of the SSE (<http://www.sse.com.cn>) and the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

Section VIII Relevant Information of Corporate Bonds

VIII. ACCOUNTING DATA AND FINANCIAL INDICATORS AS AT THE END OF THE REPORTING PERIOD AND THE END OF LAST YEAR (OR FOR THE REPORTING PERIOD AND THE CORRESPONDING PERIOD LAST YEAR) (PREPARED IN ACCORDANCE WITH THE CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES)

Unit: 0'000 Currency: RMB

Main indicators	The end of the Reporting Period (Unaudited)	The end of last year	Increase/decrease at the end of the Reporting Period as compared with the corresponding period last year (%)		Reason for the changes
Current ratio (times) ⁽¹⁾	1.17	1.26	-7.14		
Quick ratio (times) ⁽²⁾	0.96	1.00	-4.00		
Gearing ratio ⁽³⁾	49.58%	41.45%	8.13%		
	The Reporting Period (January-June) (Unaudited)	The corresponding Period last year (Unaudited)	Increase/decrease for the Reporting Period as compared with the corresponding period last year (%)		Reason for the changes
Earnings before interest, taxes, depreciation and amortization ⁽⁴⁾	294,864.94	311,528.50	-5.35		
Interest coverage ratio (times) ⁽⁵⁾	8.84	12.74	-30.61		Mainly due to an increase in interest expenses during the Reporting Period
Cash interest coverage ratio (times) ⁽⁶⁾	15.60	19.11	-18.37		
EBITDA interest coverage ratio (times) ⁽⁷⁾	13.27	16.92	-21.57		
Total debt to EBITDA ratio ⁽⁸⁾	0.20	0.26	-23.08		
Loan repayment ratio ⁽⁹⁾	100%	100%	0		
Interest repayment ratio ⁽¹⁰⁾	100%	100%	0		

Section VIII Relevant Information of Corporate Bonds

VIII. ACCOUNTING DATA AND FINANCIAL INDICATORS AS AT THE END OF THE REPORTING PERIOD AND THE END OF LAST YEAR (OR FOR THE REPORTING PERIOD AND THE CORRESPONDING PERIOD LAST YEAR) (PREPARED IN ACCORDANCE WITH THE CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES) (CONTINUED)

Notes:

- (1) Current ratio = current assets \div current liabilities
- (2) Quick ratio = (current assets – inventories) \div current liabilities
- (3) Gearing ratio = (total liabilities \div total assets) \times 100%. This ratio is calculated on the basis of the financial statements prepared under the IFRS
- (4) Earnings before interest, taxes, depreciation and amortization (EBITDA) = total profit + interest expenses recognised in finance costs + depreciation + amortization of intangible assets + amortization of long-term deferred expenses
- (5) Interest coverage ratio = profit before interest and tax / (interest expenses recognised in finance costs + capitalized interest expenses)
- (6) Cash interest coverage ratio = (net cash flows from operating activities + cash interest expenses + income tax paid in cash) / cash interest expenses
- (7) EBITDA interest coverage ratio = EBITDA / (interest expenses recognised in finance costs + capitalized interest expenses)
- (8) Total debt to EBITDA ratio = EBITDA / total debts, in particular, total debts = long-term borrowings + bonds payable + short term borrowings + financial liabilities at fair value through profit or loss + notes payable + short-term bonds payable (other current liabilities) + non-current liabilities due within one year
- (9) Loan repayment ratio = actual amount of loan repayment / loan amount repayable
- (10) Interest repayment ratio = interests actually paid / interests payable

IX. INTEREST PAYMENT OF OTHER BONDS AND DEBT FINANCING INSTRUMENTS OF THE COMPANY

During the Reporting Period, the interest payment of other bonds and debt financing instruments of the Company were made on time, and there was no circumstance involving the deferred payment of interest and principal and the inability to pay interest and principal.

X. BANK CREDIT OF THE COMPANY DURING THE REPORTING PERIOD

As at June 30, 2019, the Company had a total bank credit of RMB33,574 million, of which RMB11,747 million had been used and RMB21,827 million had not been used.

XI. IMPLEMENTATION OF THE RELEVANT AGREEMENTS OR COMMITMENTS SPECIFIED IN CORPORATE BONDS PROSPECTUS BY THE COMPANY DURING THE REPORTING PERIOD

During the Reporting Period, the Company strictly fulfilled the relevant commitments specified in the Corporate Bonds Prospectus and there was no damage to the interests of bond investors.

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Interim Balance Sheet

	<i>Note</i>	As at June 30, 2019 <i>RMB'000</i> (Unaudited)	As at December 31, 2018 <i>RMB'000</i> (Audited)
Assets			
Non-current assets			
Property, plant and equipment	6	17,679,136	17,115,147
Leasehold land and land use rights	7	1,059,913	1,050,397
Intangible assets	8	300,998	277,372
Right-of-use assets	9	602,354	–
Investments in joint ventures	10	41,768	40,680
Investments in an associate	10	162,078	165,057
Long-term prepaid rental expenses		16,795	20,144
Deferred income tax assets	11	257,245	252,461
Other non-current asset	12	181,561	843
		<u>20,301,848</u>	<u>18,922,101</u>
Current assets			
Inventories		3,419,367	3,241,740
Trade and other receivables	12	5,086,687	5,538,623
Other current financial assets at amortised cost	13	1,100,000	–
Financial assets at fair value through profit or loss	13	1,117,154	387,262
Derivative financial instruments	13	41,287	47,542
Restricted cash		13,652	8,317
Cash and cash equivalents		8,398,198	6,357,656
		<u>19,176,345</u>	<u>15,581,140</u>
Total assets		<u>39,478,193</u>	<u>34,503,241</u>

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Interim Balance Sheet (Continued)

	<i>Note</i>	As at June 30, 2019 <i>RMB'000</i> (Unaudited)	As at December 31, 2018 <i>RMB'000</i> (Audited)
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital	14	2,508,618	2,508,618
Share premium	15	6,202,553	6,202,553
Other reserves	15	2,407,696	2,329,412
Retained earnings		8,786,957	9,163,125
		<u>19,905,824</u>	<u>20,203,708</u>
Non-controlling interests		(734)	(1,034)
Total equity		<u>19,905,090</u>	<u>20,202,674</u>
Liabilities			
Non-current liabilities			
Borrowings	16	1,866,000	1,246,875
Lease liabilities	9	470,165	-
Deferred income tax liabilities	11	170,897	159,749
Deferred income on government grants	17	554,445	489,112
		<u>3,061,507</u>	<u>1,895,736</u>
Current liabilities			
Trade and other payables	18	3,782,478	4,243,419
Contract liabilities		592,036	594,503
Current income tax liabilities		196,180	331,863
Borrowings	16	11,813,408	7,184,245
Derivative financial instruments	13	8,877	3,078
Lease liabilities due within one year		66,925	-
Current portion of deferred income on government grants	17	51,692	47,723
		<u>16,511,596</u>	<u>12,404,831</u>
Total liabilities		<u>19,573,103</u>	<u>14,300,567</u>
Total equity and liabilities		<u>39,478,193</u>	<u>34,503,241</u>

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Interim Income Statement

	<i>Note</i>	Accumulated in June 2019 RMB'000 (Unaudited)	Accumulated in June 2018 RMB'000 (Unaudited)
Revenue	19	10,287,363	10,085,175
Cost of sales	19	(6,530,042)	(5,951,399)
Gross profit		3,757,321	4,133,776
Distribution costs and selling expenses		(692,453)	(672,245)
Administrative expenses		(1,003,955)	(934,275)
Research and development expenses		(397,195)	(421,543)
Other income		82,380	53,227
Other gains/(losses)–net	20	121,459	76,153
Net impairment losses on financial assets		(17,676)	–
Operating profit	21	1,849,881	2,235,093
Finance income		115,102	103,883
Finance costs		(209,131)	(162,632)
Finance costs–net		(94,029)	(58,749)
Share of profit after tax of joint ventures/associates		(1,891)	1,164
Profit before tax		1,753,961	2,177,508
Income tax expense	22	(248,366)	(308,680)
Profit for the period		1,505,595	1,868,828
Profit attributable to:			
Equity holders of the Company		1,505,295	1,868,355
Non-controlling interests		300	473
Profit for the period		1,505,595	1,868,828
Earnings per share attributable to equity holders of the Company during the period	23		
– Basic and diluted earnings per share (expressed in RMB per share)		0.60	0.74

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Interim Statement of Comprehensive Income

	Accumulated in June 2019 RMB'000 (Unaudited)	Accumulated in June 2018 RMB'000 (Unaudited)
Profit for the period	1,505,595	1,868,828
Other comprehensive income/(loss): <i>Items that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	78,284	11,951
Other comprehensive income/(loss) for the period, net of tax	78,284	11,951
Total comprehensive income for the period	<u>1,583,879</u>	<u>1,880,779</u>
Total comprehensive income attributable to:		
Equity holders of the Company	1,583,579	1,880,306
Non-controlling interests	<u>300</u>	<u>473</u>
Total comprehensive income for the period	<u>1,583,879</u>	<u>1,880,779</u>

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Interim Statement of Changes in Equity

	Attributable to equity holders of the Company					Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
As at January 1, 2019	2,508,618	6,202,553	2,329,412	9,163,125	20,203,708	(1,034)	20,202,674
Comprehensive income:							
Profit for the period	–	–	–	1,505,295	1,505,295	300	1,505,595
Other comprehensive income:							
Currency translation differences – the Group	–	–	78,284	–	78,284	–	78,284
Total comprehensive income	–	–	78,284	1,505,295	1,583,579	300	1,583,879
Total transaction with equity holders:							
Dividends declared for 2018	–	–	–	(1,881,463)	(1,881,463)	–	(1,881,463)
Total transaction with equity holders, recognized directly in equity	–	–	–	(1,881,463)	(1,881,463)	–	(1,881,463)
Appropriation to statutory reserve	–	–	–	–	–	–	–
Additions from business combinations	–	–	–	–	–	–	–
As at June 30, 2019	2,508,618	6,202,553	2,407,696	8,786,957	19,905,824	(734)	19,905,090

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Interim Statement of Changes in Equity (Continued)

	Attributable to equity holders of the Company					Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
As at January 1, 2018	2,508,618	6,202,553	1,730,086	8,572,934	19,014,191	4,423	19,018,614
Comprehensive income:							
Profit for the period	-	-	-	1,868,355	1,868,355	473	1,868,828
Other comprehensive income:							
Currency translation differences – the Group	-	-	11,951	-	11,951	-	11,951
Total comprehensive income	-	-	11,951	1,868,355	1,880,306	473	1,880,779
Total transaction with equity holders:							
Dividends declared for 2017	-	-	-	(1,881,463)	(1,881,463)	-	(1,881,463)
Total transaction with equity holders, recognized directly in equity	-	-	-	(1,881,463)	(1,881,463)	-	(1,881,463)
Appropriation to statutory reserve	-	-	-	-	-	-	-
Additions from business combinations	-	-	-	-	-	21,352	21,352
As at June 30, 2018	2,508,618	6,202,553	1,742,037	8,559,826	19,013,034	26,248	19,039,282

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Interim Cash Flow Statement

<i>Note</i>	Accumulated in June 2019 RMB'000 (Unaudited)	Accumulated in June 2018 RMB'000 (Unaudited)
Cash flow from operating activities		
Cash generated from operations	2,296,169	2,829,609
Income taxes paid	(428,468)	(338,851)
	<u>1,867,701</u>	<u>2,490,758</u>
Net cash generated from operating activities		
Cash flow from investing activities		
Proceeds from disposal of subsidiaries	–	630,000
Proceeds from disposal of property, plant and equipment	33,279	35,883
Purchases of property, plant and equipment	(1,314,118)	(1,596,059)
Purchases of leasehold land and land use rights	(21,830)	(66,716)
Purchase of intangible assets	(41,740)	(15,358)
Net expense on purchases of structured deposit	(1,815,000)	–
Net cash paid for acquisition of subsidiaries	(17,732)	(240,131)
Interest received	135,240	103,883
Dividends received	–	7,350
(Increase)/decrease in restricted cash	(5,335)	373
Government grants received relating to property, plant and equipment	93,843	84,289
	<u>(2,953,393)</u>	<u>(1,056,486)</u>
Net cash used in investing activities		
Cash flow from financing activities		
Proceeds from borrowings	10,132,651	6,597,737
Repayments of borrowings	(4,934,242)	(3,750,871)
Dividends paid to the Company's shareholders	(1,881,463)	(1,881,463)
Payment of lease liabilities	(45,286)	–
Interest paid	(171,221)	(162,005)
	<u>3,100,439</u>	<u>803,398</u>
Net cash generated from financing activities		
Exchange gains/(losses) on cash and cash equivalents	25,795	67,599
Net increase/(decrease) in cash and cash equivalents	2,040,542	2,305,269
Cash and cash equivalents at the beginning of the period	<u>6,357,656</u>	<u>6,704,296</u>
Cash and cash equivalents at the end of the period	<u>8,398,198</u>	<u>9,009,565</u>
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents as stated in the consolidated balance sheets	8,398,198	9,008,967
Add: Cash and cash equivalents attributable to the disposal groups	–	598
	<u>8,398,198</u>	<u>9,009,565</u>
Cash and cash equivalents as stated in the consolidated cash flow statement	<u>8,398,198</u>	<u>9,009,565</u>

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. General 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 April 14, 1987 as a sino-foreign equity joint venture. On June 21, 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 SSE ("A shares") and the Main Board of the Hong Kong Stock Exchange ("H shares"). As at June 30, 2019, 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 largest shareholder, together with his spouse held 16.95% equity interests in the Company.

The address of the Company's registered office is Fuyao Industrial Zone, Rongqiao Economic & Technological Development Zone, Fuqing City, Fujian Province, the PRC. The Company and its subsidiaries (together, the "Group") are principally engaged in the manufacturing and sale of automobile glass and float glass both at home and abroad.

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

The condensed consolidated interim financial statements are unaudited, and were approved to be issued by the Board of Directors on August 28, 2019.

2. Accounting Policies

Except as described below, the accounting policies adopted are consistent with those used for and described in the annual consolidated financial statements of the Company for the year ended December 31, 2018.

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

The Group has adopted the new and amended standards for the fiscal year beginning on 1 January 2019:

		Effective for years beginning on or after
IFRS 16	Lease	January 1, 2019

Section IX Financial Report

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

2. Accounting Policies (Continued)

The Group has adopted the new and amended standards for the fiscal year beginning on 1 January 2019: (Continued)

The Group adopted the above new amendments and improvements starting from January 1, 2019, and did not restate comparative amounts for the previous year by applying the simplified transition approach. The adoption did not give rise to any significant impact on the Group's results of operations and financial position for the six months ended June 30, 2019.

The Group has not early adopted any new accounting and financial reporting standards, amendments and improvements to existing standards which have been issued but are not yet effective for the financial year ending on December 31, 2019.

3. Financial Risk Management

3.1 Financial Risk Factors

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

The Condensed Consolidated Interim Financial Statements do not include all the information on financial risk management and disclosure required to be disclosed in the annual financial statements. There have been no changes in the risk management department or in any risk management policies since year end 2018.

3.2 Liquidity Risk

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

Section IX Financial Report

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

3. Financial Risk Management (Continued)

3.2 Liquidity Risk (Continued)

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 <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
As at June 30, 2019				
Borrowings, including interest payables	12,044,070	1,212,524	715,967	13,972,561
Derivative financial instruments	8,877	–	–	8,877
Financial liabilities included in trade payables and other payables	<u>3,433,318</u>	<u>–</u>	<u>–</u>	<u>3,433,318</u>
	<u>15,486,265</u>	<u>1,212,524</u>	<u>715,967</u>	<u>17,414,756</u>
As at December 31, 2018				
Borrowings, including interest payables	7,296,444	1,068,308	220,457	8,585,209
Derivative financial instruments	3,078	–	–	3,078
Financial liabilities included in trade payables and other payables	<u>3,642,550</u>	<u>–</u>	<u>–</u>	<u>3,642,550</u>
	<u>10,942,072</u>	<u>1,068,308</u>	<u>220,457</u>	<u>12,230,837</u>

Section IX Financial Report

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

3. Financial Risk Management (Continued)

3.3 Fair Value Estimation

(A) The table below analyses the Group's financial instruments carried at fair value as at June 30, 2019 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices (Level 1) that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
As at June 30, 2019				
Assets				
Financial assets at fair value through profit or loss				
– structured wealth management products	–	1,659	–	1,659
– structured deposits	–	1,115,495	–	1,115,495
Derivative financial instruments				
– foreign currency swap contracts	–	39,097	–	39,097
– forward foreign exchange contract contract	–	2,190	–	2,190
	–	1,158,441	–	1,158,441
Liabilities				
Derivative financial instruments				
– forward foreign exchange contract	–	3,562	–	3,562
– short call on foreign exchange	–	5,315	–	5,315
	–	8,877	–	8,877

Section IX Financial Report

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

3. Financial Risk Management (Continued)

3.3 Fair Value Estimation (Continued)

- (A) The table below analyses the Group's financial instruments carried at fair value as at June 30, 2019 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows: (Continued)

	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
As at December 31, 2018				
Assets				
Financial assets at fair value through profit or loss				
– structured wealth management products	–	1,401	–	1,401
– structured deposits	–	385,861	–	385,861
Derivative financial instruments				
– foreign currency swap contracts	–	44,662	–	44,662
– forward foreign exchange contract	–	2,880	–	2,880
	<u>–</u>	<u>434,804</u>	<u>–</u>	<u>434,804</u>
Liabilities				
Derivative financial instruments				
– forward foreign exchange contract	–	2,641	–	2,641
– foreign currency swap contracts	–	437	–	437
	<u>–</u>	<u>3,078</u>	<u>–</u>	<u>3,078</u>

- (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 rates that are quoted in an active market.

Section IX Financial Report

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

3. Financial Risk Management (Continued)

3.3 Fair Value Estimation (Continued)

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

Level 2 derivative financial instruments forward foreign exchange contracts. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market.

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

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

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

4. Critical Accounting Estimates and Judgements

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

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

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

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

Section IX Financial Report

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

4. Critical Accounting Estimates and Judgements (Continued)

(B) Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

In the opinion of the directors of the Company, the recoverable amount of the CGU will not be lower than the carrying amount when 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.

(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 current income tax charges. Income tax charges should be recognised in the period in which such estimate is changed.

Section IX Financial Report

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

4. Critical Accounting Estimates and Judgements (Continued)

(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 provision for impairment at each balance sheet date.

(F) Impairment of Non-Financial Assets

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

5 Segment Information

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

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

Section IX Financial Report

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

6 Plant, Equipment and Property

	Buildings and freehold land <i>RMB'000</i>	Machinery and equipment <i>RMB'000</i>	Electronic and office equipment <i>RMB'000</i>	Tools, dies, vehicles and others <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
For the six-month period ended June 30, 2019						
Opening net book amount as at January 1, 2019	4,905,338	7,263,695	1,436,914	572,387	2,936,813	17,115,147
Transfer	159,271	529,851	202,597	2,307	(894,026)	–
Other additions	52,572	220,563	77,639	162,930	963,388	1,477,092
Additions from business combinations	15	888	317	300	19,296	20,816
Disposals	(1,241)	(13,152)	(16,330)	(2,923)	–	(33,646)
Reconstruction of certain product lines	(28,063)	(187,705)	(1,448)	(6)	217,222	–
Depreciation	(150,393)	(470,778)	(187,372)	(143,417)	–	(951,960)
Currency translation difference	28,068	17,914	471	55	5,179	51,687
Closing net book amount as at June 30, 2019	4,965,567	7,361,276	1,512,788	591,633	3,247,872	17,679,136
For the six-month period ended June 30, 2018						
Opening net book amount as at January 1, 2018	4,465,817	5,729,458	953,176	475,069	3,366,783	14,990,303
Transfer	138,558	866,893	90,794	2,393	(1,098,638)	–
Other additions	20,101	43,001	102,178	164,357	1,233,117	1,562,754
Additions from business combinations	62,222	138,501	31,560	9,927	184,517	426,727
Disposals	(2,546)	(12,781)	(26,202)	(3,286)	–	(44,815)
Disposal group classified as held-for-sale	(125,965)	(156,383)	(39,512)	(14,666)	(37,745)	(374,271)
Depreciation	(130,792)	(373,661)	(121,557)	(118,215)	–	(744,225)
Currency translation difference	(1,240)	18,229	1,102	(1,244)	9,496	26,343
Closing net book amount as at June 30, 2018	4,426,155	6,253,257	991,539	514,335	3,657,530	15,842,816

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

7. Leasehold Land and Land Use Rights

Leasehold land and land use rights are mainly the consideration for obtaining the land use rights located in the PRC

	For the period ended June 30	
	2019 RMB'000	2018 RMB'000
Opening net book amount	1,050,397	982,852
Currency translation difference	58	121
Additions	21,830	66,716
Additions from business combinations	–	51,240
Assets classified as held-for-sale	–	(41,913)
Amortisation charges	(12,372)	(12,024)
Closing net book value	<u>1,059,913</u>	<u>1,046,992</u>

8. Intangible Assets

	Goodwill	Patents	License fee	Computer software	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the six-month period ended June 30, 2019						
Opening net book amount as at January 1, 2019	<u>153,707</u>	<u>4,880</u>	<u>30,606</u>	<u>49,488</u>	<u>38,691</u>	<u>277,372</u>
Currency translation difference	–	–	51	1	(1)	51
Additions	–	3,284	–	16,701	7,798	27,783
Additions from business combinations	13,957	15	–	–	–	13,972
Disposals	–	–	–	–	(303)	(303)
Amortisation charges	–	(1,373)	(1,727)	(13,837)	(940)	(17,877)
Closing net book amount as at June 30, 2019	<u>167,664</u>	<u>6,806</u>	<u>28,930</u>	<u>52,353</u>	<u>45,245</u>	<u>300,998</u>

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

8. Intangible Assets (Continued)

	Goodwill RMB'000	Patents RMB'000	License fee RMB'000	Computer software RMB'000	Others RMB'000	Total RMB'000
For the six-month period ended June 30, 2018						
Opening net book amount as at January 1, 2018	74,678	2,093	36,336	24,786	5,656	143,549
Currency translation difference	-	-	404	66	(8)	462
Additions	-	295	-	14,247	816	15,358
Additions from business combinations	74,072	383	-	1,503	-	75,958
Disposals	-	-	-	-	-	-
Amortisation charges	-	(820)	(1,660)	(8,436)	(358)	(11,274)
Closing net book amount as at June 30, 2018	148,750	1,951	35,080	32,166	6,106	224,053

9. Right-of-use Assets and Lease Liabilities

The Group is the lessee of several buildings. It started to adopt IFRS 16-Leases from January 1, 2019, and did not restate comparative amounts for the previous year by applying the simplified transition approach.

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

	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Right-of-use assets	602,354	-
For the period ended June 30		
	2019 RMB'000	2018 RMB'000
As at December 31 (As originally presented)	-	-
Change in accounting policies	375,930	-
As at January 1 (Restated)	375,930	-
Additions	261,427	-
Currency translation differences	(804)	-
Depreciation expenses	(34,199)	-
As at June 30	602,354	-

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

9. Right-of-use Assets and Lease Liabilities (Continued)

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

	As at June 30, 2019 <i>RMB'000</i>	As at December 31, 2018 <i>RMB'000</i>
Current portion	66,925	–
Non-current portion	470,165	–
	<u>537,090</u>	<u>–</u>

10. Investments Under the Equity Method

	For the period ended June 30	
	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Joint Venture		
Opening balance	40,680	43,381
Dividends received	–	(7,350)
Share of results	1,088	2,564
	<u>41,768</u>	<u>38,595</u>
Closing balance	41,768	38,595
Associate		
Opening balance	165,057	52,139
Share of results	(2,979)	(1,400)
	<u>162,078</u>	<u>50,739</u>
Closing balance	162,078	50,739

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

11. Deferred Income Tax Assets and Liabilities

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

	Deferred income tax assets <i>RMB'000</i>	Deferred income tax liabilities <i>RMB'000</i>
As at January 1, 2019	739,196	646,484
Recognised in the consolidated income statement	11,246	17,610
Effect of movements in exchange rates	821	821
As at June 30, 2019	751,263	664,915
Offsetting deferred income tax liabilities/deferred income tax assets	(494,018)	(494,018)
Net balance after offsetting as at June 30, 2019	257,245	170,897
	Deferred income tax assets <i>RMB'000</i>	Deferred income tax liabilities <i>RMB'000</i>
As at January 1, 2018	744,674	539,868
Recognised in the consolidated income statement	62,900	71,616
Additions from business combinations	—	10,214
Effect of movements in exchange rates	6,266	6,266
As at June 30, 2018	813,840	627,964
Offsetting deferred income tax liabilities/deferred income tax assets	(536,356)	(536,356)
Net balance after offsetting as at June 30, 2018	277,484	91,608

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

12. Trade and Other Receivables

	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Trade receivables due from third parties (Note(a)):		
Notes receivables	841,627	710,400
Trade receivables	3,248,596	3,596,387
Less: Provision for impairment	(2,734)	(2,679)
	<u>4,087,489</u>	<u>4,304,108</u>
Trade receivables – net		
	<u>4,087,489</u>	<u>4,304,108</u>
Other receivables due from third parties:		
Other receivables	495,141	452,784
Less: Provision for impairment	(41,307)	(23,812)
	<u>453,834</u>	<u>428,972</u>
Other receivables – net		
	<u>453,834</u>	<u>428,972</u>
Amount due from related parties (Note 26(c)):		
Trade receivables	–	–
Other receivables (i)	181,840	253,297
	<u>181,840</u>	<u>253,297</u>
Others:		
Prepayments	229,452	220,127
Prepaid current income tax and value-added tax recoverable and refundable	315,634	332,962
	<u>545,086</u>	<u>553,089</u>
Trade and other receivables	<u>5,268,249</u>	<u>5,539,466</u>
Less: Non-current portion of prepaid income tax and value-added tax recoverable and refundable	–	(843)
Less: Non-current portion of amount due from related parties (i)	(181,562)	–
	<u>(181,562)</u>	<u>(843)</u>
Trade and other receivables – net	<u>5,086,687</u>	<u>5,538,623</u>

Section IX Financial Report

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

12. Trade and Other Receivables (Continued)

- (i) The amount represents the loan provided by the Group to its associate, Jinken Glass Industry Shuangliao Co., Ltd., in 2017. The loan is secured by 75% of share of the associate held by third parties and all property, plants and equipment (including but not limited to buildings, land use rights, etc) owned by the associate are unconditionally pledged to the Group as security for the loan. The loan bears an interest rate of 5.225% per annum. The loan has a term of two years and will be due in 2019. During the reporting period, the Group approved to extend the term of the loan to August 15, 2021.
- (a) Trade receivables, including notes receivables and trade receivables, are arising from sales of products. The credit period granted to customers is ranging from 1 month to 4 months. No interest is charged on the overdue trade receivables. The ageing analysis of trade receivables based on invoice date before provision for impairment as at June 30, 2019 and December 31, 2018 was as follows:

	As at June 30, 2019 <i>RMB'000</i>	As at December 31, 2018 <i>RMB'000</i>
Trade receivables – gross		
Within 3 months	3,807,873	4,037,994
3 to 6 months	249,923	240,638
6 to 12 months	26,180	23,723
Over 1 year	6,247	4,432
	<hr/>	<hr/>
Total	4,090,223	4,306,787

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

13. (1) Financial Assets at Fair Value Through Profit or Loss and Derivative Financial Instruments

	As at June 30, 2019 <i>RMB'000</i>	As at December 31, 2018 <i>RMB'000</i>
Financial assets at fair value through profit or loss		
Current assets		
– Structure deposits <i>(a)</i>	1,115,495	385,861
– Structure financial product <i>(b)</i>	1,659	1,401
	<u>1,117,154</u>	<u>387,262</u>
Derivative financial instruments		
Current assets		
– Foreign currency swap contracts <i>(c)</i>	39,097	44,662
– Forward foreign exchange contracts <i>(d)</i>	2,190	2,880
	<u>41,287</u>	<u>47,542</u>
Current Liabilities		
– Foreign currency swap contracts <i>(c)</i>	–	437
– Foreign currency option contracts <i>(e)</i>	5,315	–
– Forward foreign exchange contracts <i>(d)</i>	3,562	2,641
	<u>8,877</u>	<u>3,078</u>

Section IX Financial Report

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

13. (1) Financial Assets at Fair Value Through Profit or Loss and Derivative Financial Instruments (Continued)

- (a) As at June 30, 2019, the Group has 100% principal protected structure deposits of RMB600,000,000 at a floating rate linked to USD-HKD exchange rate, and RMB500,000,000 at a floating rate linked to USD3M-LIBOR, respectively (As at December 31, 2018: 100% principal protected structure deposits of RMB200,000,000 at a floating rate linked to USD-HKD exchange rate and RMB185,000,000 at a floating rate linked to USD3M-LIBOR, which have matured during the reporting period).
- (b) The Group has 100% principal protected structure investment with earnings linked to JP Morgan Mozaic Weekly index. The balance as at June 30, 2019 represents the estimated fair value of interests of the structure investment (As at December 31, 2018: estimated fair value of structure investment interests).
- (c) As at June 30, 2019, the Group has outstanding currency swap contracts to buy USD150,000,000 for RMB999,176,000 (As at December 31, 2018: buy USD198,000,000 for RMB1,323,982,000 and settled in the Reporting Period).
- (d) As at June 30, 2019, the Group has outstanding forward foreign currency exchange contracts to buy RMB617,386,000 for USD90,000,000 and buy USD11,312,500 for EUR10,000,000 (As at December 31, 2018: buy RMB617,386,000 for USD90,000,000, which have not yet been settled).
- (e) As at June 30, 2019, the Group has outstanding foreign exchange call options contracts with notional principal of USD110,000,000 against RMB767,500,000 (As at December 31, 2018: Nil).

(2) Other Current Financial Assets Measured at Amortised Cost

	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Structure deposits	1,100,000	—

As at June 30, 2019, the Group's other current financial assets measured at amortized cost represent profit guaranteed structure deposits made by the Group (as at December 31, 2018: nil).

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

14. Share Capital

	Number of A shares <i>Thousands</i>	Number of H shares <i>Thousands</i>	A shares of RMB1 each <i>RMB'000</i>	H shares of RMB1 each <i>RMB'000</i>	Total share capital <i>RMB'000</i>
Ordinary shares, issued and fully paid:					
As at January 1, 2018 and June 30, 2018	2,002,986	505,632	2,002,986	505,632	2,508,618
As at January 1, 2019 and June 30, 2019	2,002,986	505,632	2,002,986	505,632	2,508,618

15. Share Premium and Other Reserves

	Share premium <i>RMB'000</i>	Statutory reserves <i>RMB'000</i>	Other reserves		Total <i>RMB'000</i>
			Foreign currency translation differences <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	
As at January 1, 2019	6,202,553	2,350,362	(41,475)	20,525	2,329,412
Foreign currency translation differences	–	–	78,284	–	78,284
As at June 30, 2019	6,202,553	2,350,362	36,809	20,525	2,407,696
As at January 1, 2018	6,202,553	1,912,915	(204,409)	21,580	1,730,086
Foreign currency translation differences	–	–	11,951	–	11,951
As at June 30, 2018	6,202,553	1,912,915	(192,458)	21,580	1,742,037

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

16. Borrowings

	As at June 30, 2019 <i>RMB'000</i>	As at December 31, 2018 <i>RMB'000</i>
Non-current	1,866,000	1,246,875
Current	11,813,408	7,184,245
	<hr/>	<hr/>
Total borrowings	13,679,408	8,431,120

Movement in borrowings is analysed as follows:

	For the period ended June 30,	
	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Opening net book amount	8,431,120	7,897,266
Additions	10,182,530	6,875,836
Deduction	(4,934,242)	(3,750,871)
	<hr/>	<hr/>
Closing net book amount	13,679,408	11,022,231

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

17. Deferred Income on Government Grants

	As at June 30, 2019 <i>RMB'000</i>	As at December 31, 2018 <i>RMB'000</i>
Current portion	51,692	47,723
Non-current portion	554,445	489,112
Total	606,137	536,835
	For the period ended June 30,	
	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
At beginning of the period	536,835	461,595
Government grants received during the year ⁽¹⁾	93,843	84,289
Credited to the consolidated income statement	(24,522)	(13,416)
Foreign currency statement translation	(19)	294
At end of the period	606,137	532,762

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

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

18. Trade and Other Payables

	As at June 30, 2019 <i>RMB'000</i>	As at December 31, 2018 <i>RMB'000</i>
Payables to third parties	1,066,688	1,272,386
Notes payable	1,084,824	1,164,569
Payables for purchasing of property, plant and equipment	537,051	427,374
Staff salaries payables	312,214	483,016
Amount due to related parties <i>(Note 26(c))</i>	38,105	57,672
Accrued taxes other than income tax	36,943	117,853
Other payables and accruals	706,653	720,549
	<hr/>	<hr/>
Total	3,782,478	4,243,419

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

	As at June 30, 2019 <i>RMB'000</i>	As at December 31, 2018 <i>RMB'000</i>
Within 3 months	1,508,124	1,846,402
3 to 6 months	591,450	558,563
6 to 12 months	29,523	12,918
Over 1 year	22,415	19,072
	<hr/>	<hr/>
Total	2,151,512	2,436,955

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

19. Revenue and cost of sales

	For the period ended June 30,			
	2019		2018	
	Revenue <i>RMB'000</i>	Cost of sales <i>RMB'000</i>	Revenue <i>RMB'000</i>	Cost of sales <i>RMB'000</i>
Automobile glasses	9,209,555	6,102,728	9,486,606	6,171,667
Float glasses	1,696,039	1,134,448	1,598,743	962,064
Others	949,413	860,510	376,163	194,005
Sub-total	11,855,007	8,097,686	11,461,512	7,327,736
Less: Intra-group sales	(1,567,644)	(1,567,644)	(1,376,337)	(1,376,337)
	10,287,363	6,530,042	10,085,175	5,951,399

20. Other Gains/(Losses) – Net

	For the period ended June 30,	
	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Exchange gains/(losses) – net	31,125	60,839
Donation	(383)	(126)
Loss on disposal of property, plant and equipment	(904)	(6,612)
Changes in fair value of derivative financial instruments	8,152	17,697
Gains on structure deposits	20,138	–
Interests on lease liabilities	(4,932)	–
Gains on derecognition of financial assets measured at amortised cost	(4,450)	(4,272)
Claim income	71,358	6,589
Others	1,355	2,038
	121,459	76,153

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

21. Operating Profit

	For the period ended June 30,	
	2019 RMB'000	2018 RMB'000
The following items have been charged to the operating profit during the period:		
Employee benefit expenses	2,152,129	1,838,547
Depreciation of property, plant and equipment (Note 6)	951,960	744,225
Transportation and storage expenses	305,960	329,963
Packing expenses	204,528	180,062
Amortisation of leasehold land and land use rights (Note 7)	12,372	12,024
Amortisation of intangible assets (Note 8)	17,877	11,274
Write-down inventories to net realisable value	5,495	(1,143)

22. Income Tax Expense

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

	For the period ended June 30,	
	2019 RMB'000	2018 RMB'000
Current income tax	242,002	299,964
Deferred income tax (Note 11)	6,364	8,716
Income tax expense	248,366	308,680

(A) PRC corporate income tax

The corporate income tax is calculated based on the taxable income after adjustments on certain income and expense items and the applicable tax rate in accordance with the PRC tax laws and regulations.

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

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

22. Income Tax Expense (Continued)

(B) Hong Kong profits tax

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

(C) American profits tax

Profit tax has been provided for at the rate of 24% for certain subsidiaries of the Group on the estimated assessable profit during the period. Applicable profit tax rates of the Group's other subsidiaries in American are between 25% and 27%, but no profit tax has been provided for the period due to the unutilised tax losses.

(D) Russian profits tax

Applicable profit tax rate of Russian is 20%. During the period, no profit tax has been provided due to accumulated losses.

(E) German profits tax

Applicable profit tax rate of Germany is 29%. During the period, no profit tax has been provided due to accumulated losses.

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

	For the period ended June 30,	
	2019 RMB'000	2018 RMB'000
Profit before tax	1,753,961	2,177,508
Tax calculated at the applicable income tax rate	444,333	571,635
Tax effect of:		
Expenses not deductible for tax purpose	1,030	834
Income not subject to income tax	(246)	(641)
Preferential income tax rate	(142,351)	(209,102)
Unrecognised tax losses carried forward	48,992	30,807
Utilisation of previously unrecognised tax losses	(55,158)	(58,360)
Withholding taxation on unremitted earnings of certain subsidiaries	7,869	3,832
Others	(56,103)	(30,325)
Income tax expense	<u>248,366</u>	<u>308,680</u>

Section IX Financial Report

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

23. Earnings per Share

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

	For the period ended June 30,	
	2019	2018
Net profit attributable to the equity holders of the Company (RMB'000)	1,505,295	1,868,828
Weighted average number of ordinary shares in issue (thousand)	2,508,618	2,508,618
Basic earnings per share (RMB)	0.60	0.74

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

24. Dividends

	For the period ended June 30,	
	2019 RMB'000	2018 RMB'000
Dividends proposed by the Company	—	1,003,447

For the period ended June 30, 2019, no interim dividend of corresponding period was proposed by the directors of the Company (for the period ended June 30, 2018: on August 20, 2018, the board of directors of the Company proposed to distribute a dividend of RMB1,003,447,012.80 at a retained earnings of RMB0.40 per share (tax inclusive) as at June 30, 2018. The resolution still need to be approved by the shareholders' meeting. This dividend payable is not recognized in the financial statement as a liability.).

25. Commitments

As at the balance sheet date, matters not shown on the balance sheet of the Group are as follows:

1. Capital commitments

As at June 30, 2019 and December 31, 2018, capital expenditure contracted for but not yet performed is as follows:

	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Property, plant and equipment	1,402,152	1,330,914

Section IX Financial Report

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

26. Related Party Transactions

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

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business and balances arising from related party transactions during the period ended June 30, 2019 and 2018:

(A) Name of and relationship with related parties

Name of related parties	Relationship
Mr. Cho Tak Wong (曹德旺)*	Single largest shareholder
Fujian Yaohua Industrial Village Development Co., Ltd. (福建省耀華工業村開發有限公司)*	Controlled by Ms. Chan Fung Ying (the spouse of Mr. Cho Tak Wong)
Sanyi Development Ltd. (三益發展有限公司)*	Shareholder of the Company, which is controlled by the single largest shareholder
Tri-Wall Packaging (Fuzhou) Co., Ltd. (特耐王包裝(福州)有限公司)	Jointly controlled entity of the Group
Jinken Glass Industry Shuangliao Co., Ltd. (金壘玻璃工業雙遼有限公司)	An entity over which the Group has significant influence
Fuyao Group Beijing Futong Safety Glass Co., Ltd. (福耀集團北京福通安全玻璃有限公司)	An entity over which the Group has significant influence
Fujian Triplex Investment Co., Ltd. (福建三鋒投資有限公司)*	Controlled by a director of the Group
Global Cosmos German Co., Ltd. (環創德國有限公司)*	Controlled by the single largest shareholder

Notes:

- (1) * Concurrently the connected parties under Hong Kong Listing Rules.
- (2) Since June 2018, Fujian Triplex Holdings Group Company Limited and its subsidiaries (Fujian Fuyao Automotive Trim System Co., Ltd., Fujian Triplex Automobile Service Co., Ltd. and Fuzhou Fuyao Mold Technology Co., Ltd.) have ceased to be connected companies of the Group, and the amounts for the related party transactions for the corresponding period set forth in the subparagraph (B) in this note represent the transaction amount during the period from January 2018 to May 2018.

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

26. Related Party Transactions (Continued)

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

I. Sales of goods

	For the period ended June 30,	
	2019 RMB'000	2018 RMB'000
Tri-Wall Packaging (Fuzhou) Co., Ltd.	1,594	1,784
Jinken Glass Industry Shuangliao Co., Ltd.	236	794
Fujian Triplex Auto Services Co., Ltd.*	—	136,951
Fujian Fuyao Automotive Trim System Co., Ltd.*	—	10,606
Fuzhou Fuyao Mold Technology Co., Ltd.*	—	451
	1,830	150,586

II. Purchase of goods

	For the period ended June 30,	
	2019 RMB'000	2018 RMB'000
Jinken Glass Industry Shuangliao Co., Ltd.	80,354	43,360
Tri-Wall Packaging (Fuzhou) Co., Ltd.	37,742	47,476
Fuzhou Fuyao Mold Technology Co., Ltd.*	—	57,396
Fujian Fuyao Automotive Trim System Co., Ltd.*	—	47,185
	118,096	195,417

Section IX Financial Report

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

26. Related Party Transactions (Continued)

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

III. Rental income

	For the period ended June 30,	
	2019 RMB'000	2018 RMB'000
Tri-Wall Packaging (Fuzhou) Co., Ltd.	66	60

IV. Rental expenses

	For the period ended June 30,	
	2019 RMB'000	2018 RMB'000
Fujian Yaohua Industrial Village Development Co., Ltd.*	14,255	10,998
Global Cosmos German Co., Ltd.*	9,782	9,415
	<u>24,037</u>	<u>20,413</u>

Section IX Financial Report

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

26. Related Party Transactions (Continued)

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

V. Acquisition of equity interest

	For the period ended June 30,	
	2019 RMB'000	2018 RMB'000
Fujian Triplex Investment Co., Ltd.*	66,000	–
Triplex Holdings Management Co., Ltd.*	–	223,765
	<u>66,000</u>	<u>223,765</u>

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.

VI. Key management compensation

	For the period ended June 30,	
	2019 RMB'000	2018 RMB'000
Salaries, wages and bonuses	21,384	17,167
Pension, housing fund, medical insurance and other social insurance	434	384
Others	361	337
	<u>22,179</u>	<u>17,888</u>

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

Section IX Financial Report

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

26. Related Party Transactions (Continued)

(C) Balances with related parties

Amount due from related parties:

	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Trade receivables	–	–
Other receivables (i)	181,840	253,297
Prepayments (ii)	36,200	49,498
	<u>218,040</u>	<u>302,795</u>

(i) Other receivables:

	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Jinken Glass Industry Shuangliao Co., Ltd.	181,561	192,973
Tri-Wall Packaging (Fuzhou) Co., Ltd.	279	315
Global Cosmos German Co., Ltd. ⁽¹⁾	–	60,009
	<u>181,840</u>	<u>253,297</u>

(1) Adjustment to other receivables is due to the fact that the new lease standards was implemented during the Reporting Period and the deposits which can be used to offset lease expenses were recognized as right-of-use assets.

(ii) Prepayments:

	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Jinken Glass Industry Shuangliao Co., Ltd.	<u>36,200</u>	<u>49,498</u>

Section IX Financial Report

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

26. Related Party Transactions (Continued)

(C) Balances with related parties (Continued)

Amount due from related parties: (Continued)

	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Trade payables (iii)	12,964	28,395
Other payables (iv)	25,141	29,277
	<u>38,105</u>	<u>57,672</u>

(iii) Trade payables:

	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Jinken Glass Industry Shuangliao Co., Ltd.	10,299	18,416
Tri-Wall Packaging (Fuzhou) Co., Ltd.	2,665	9,979
Total	<u>12,964</u>	<u>28,395</u>

Ageing analysis of trade payables due to related parties based on invoice date is as follows:

	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Within 3 months	<u>12,964</u>	<u>28,395</u>

(iv) Other payables to related parties:

	As at June 30, 2019 RMB'000	As at December 31, 2018 RMB'000
Fuyao Group Beijing Futong Safety Glass Co., Ltd.	25,141	29,274
Jinken Glass Industry Shuangliao Co., Ltd.	-	3
	<u>25,141</u>	<u>29,277</u>