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福耀玻璃工業集團股份有限公司
Fuyao Glass Industry Group Co., Ltd.

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

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2016

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, 2016. This announcement, containing the full text of the 2016 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 2016 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 www.hkexnews.hk and of the Company at www.fuyaogroup.com before the end of September 2016.

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

Fuzhou, Fujian, the PRC, August 29, 2016

As at the date of this announcement, the board of directors 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. Cheng Yan, Ms. Liu Xiaozhi and Mr. Wu Yuhui, as independent non-executive directors.

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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

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
Board or Board of Directors	the board of directors of the Company
Board of Supervisors	the board of supervisors of the Company
Company, Listed Company, Fuyao Glass, Fuyao	Fuyao Glass Industry Group Co., Ltd.
CSRC	China Securities Regulatory Commission
float glass	the glass produced by applying float technology
Group	Fuyao Glass Industry Group Co., Ltd. and its subsidiaries
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
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
OEM, ancillary business	automotive glass and services used in new vehicles of automobile factories
PRC, China	the People's Republic of China
PVB	polyvinyl butyral
Reporting Period	the six months ended June 30, 2016
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
SFO	the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
SSE	Shanghai Stock Exchange
tempered glass	automotive safety glass made by heating automotive grade float glass to certain temperature, then promptly cooling it down evenly after being shaped

Section II Corporate Profile

I. COMPANY INFORMATION

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

II. CONTACT PERSON AND CONTACT METHODS

Secretary to the Board of Directors

Name	Li Xiaoxi
Contact Address	District II of Fuyao Industrial Zone, Fuqing City, Fujian Province
Telephone	86-591-85383777
Fax	86-591-85363983
E-mail	600660@fuyaogroup.com

III. BASIC INFORMATION

Registered address of the Company	Fuyao Industrial Zone, Rongqiao Economic & Technological Development Zone, Fuqing City, Fujian Province
Postal code of the registered address of the Company	350301
Office address of the Company	District II of Fuyao Industrial Zone, Fuqing City, Fujian Province
Postal code of the office address of the Company	350301
Website of the Company	http://www.fuyaogroup.com
E-mail	600660@fuyaogroup.com
Principal place of business in Hong Kong	Room 1907, Shun Tak Centre, West Tower, 200 Connaught Road Central, Central, Hong Kong
Custodian of A share	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

Newspapers selected by the Company for information disclosure	Shanghai Securities News, China Securities Journal and Security 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

V. INFORMATION ON THE COMPANY'S SHARES

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

VI. CHANGES IN REGISTRATION OF THE COMPANY DURING THE REPORTING PERIOD

Registration date	February 17, 2016
Registration place	Administration for Industry & Commerce of Fuzhou
Registration number of enterprise legal entity business license	91350100611300758B
Number of taxation registration license	91350100611300758B
Number of organization code license	91350100611300758B

Section III Summary of Accounting Data and Financial Indicators

I. 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 Reporting Period as compared with the Corresponding period last year (%)
	Revenue	7,584,425	6,591,325
Profit for the Reporting Period attributable to equity holders of the Company	1,456,476	1,215,259	19.85
Profit for the Reporting Period attributable to equity holders of the Company, net of non-recurring profit or loss <i>(Note)</i>	1,440,205	1,221,266	17.93
Net cash generated from operating activities	1,455,428	1,300,849	11.88
	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	16,093,205	16,423,288	-2.01
Total assets	28,053,903	24,841,632	12.93

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.

Section III Summary of Accounting Data and Financial Indicators

(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)	0.58	0.54	7.41
Diluted earnings per share (RMB/share)	0.58	0.54	7.41
Return on equity (%) <i>(Note)</i>	9.05	8.08	0.97

Note: Return on equity were calculated by dividing net profit attributable to equity holders of the Company during the Reporting Period by equity attributable to equity holders of the Company at the end of the period.

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

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

Unit: '000 Currency: RMB

	Net profit		Equity attributable to the shareholders of the Company	
	Amount for the Reporting Period (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	1,456,810	1,215,507	16,078,878	16,408,627
Adjustments to items and amounts in accordance with the International Accounting Standards: Reversal of impairment for buildings and land use rights and the discrepancies between corresponding depreciation and amortization	-334	-248	14,327	14,661
Prepared in accordance with the International Accounting Standards	1,456,476	1,215,259	16,093,205	16,423,288

Section III Summary of Accounting Data and Financial Indicators

- (II) Discrepancies between net profit and net assets attributable to shareholders of the listed company in the financial report disclosed under the overseas accounting principles and under the China Accounting Standards for Business Enterprises

Not applicable

- (III) Note to discrepancies between domestic and overseas accounting standards

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

Section III Summary of Accounting Data and Financial Indicators

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

	<i>Unit: Yuan</i>	<i>Currency: RMB</i>
Non-recurring profit or loss items	Amount	<i>Note (if applicable)</i>
Profit or loss from disposal of non-current assets	-4,999,486	
Tax refunds, exemptions and reductions with ultra vires approval or without official approval documents or on an occasional basis	-	
Government grants included in profit or loss for the current period, other than those closely related to the normal operation of the Company and subject to a fixed amount or quantity under certain standard required by national policies	23,110,945	
Capital utilization fee received from non-financial enterprises and included in profit or loss for the current period	-	
Profit arising from investment costs for acquisition of a subsidiary, an associate and a joint venture by the corporation being less than its share of fair value of identifiable net assets of the investee on investment	-	
Profit or loss from non-monetary asset swap	-	
Profit or loss from entrusted investment or asset management	-	
Provisions for impairment of assets due to force majeure factors such as natural disasters	-	
Profit or loss from debt restructuring	-	
Corporate restructuring fees such as expenses on employee placement, integration charges, etc.	-	
Profit or loss from the excess of the fair value of a transaction of unfair consideration	-	
Current net profit or loss of subsidiaries resulting from merger of enterprises under common control from the beginning of the period to the date of merger	-	
Profit or loss from contingencies irrelevant to the normal operations of the Company	-	
Profit or loss on changes in fair value of held-for-trading financial assets and trading financial liabilities, and investment gains from disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets, other than effective hedging activities related to the normal business operations of the Company	2,412,564	
Reversal of provision for impairment of receivables subject to individual impairment test	-	
Profit or loss from external entrusted loans	-	
Profit or loss from changes in fair value of investment properties using the fair value model for subsequent measurement	-	
Effect on current profit or loss of one-off adjustment to current profit or loss in accordance with laws and regulations on taxation and accounting, etc.	-	
Income of entrustment fees from entrusted operations	-	
Other non-recurring income and expenses other than the above items	955,468	
Other profit or loss items falling within the meaning of non-recurring profit or loss	-	
Impact on non-controlling interests	-38	
Effects of income tax	-4,874,458	
Total	16,604,995	

Section IV Report of the Board of Directors

I. DISCUSSION AND ANALYSIS OF THE BOARD OF DIRECTORS IN RELATION TO THE OPERATION OF THE COMPANY DURING THE REPORTING PERIOD

Being a worldwide leading enterprise of design, development, manufacture, supply and service of automotive glass and automotive grade float glass, Fuyao adheres to leading technological development strategies and focuses on the development of the whole industry chain of automotive glass to continually create value for its customers. During the Reporting Period, the Fuyao People continuously provided products and services of automotive safety glass which embodied the intelligence and care of all Fuyao staff to the world's automobile manufacturers and maintenance market, as well as provided global automobile users with economical, safe, comfortable, environment-friendly and fancy automotive safety glass which improved the living space of passengers at the same time.

During the Reporting Period, the Company realized revenue of RMB7,584,425,000, representing an increase of 15.07% as compared with the corresponding period last year; profit before income tax of RMB1,778,917,000, representing an increase of 34.99% as compared with the corresponding period last year; net profit attributable to equity shareholders of the Company of RMB1,456,476,000, representing an increase of 19.85% as compared with the corresponding period last year and outpacing the growth of revenue; earnings per share of RMB0.58, representing an increase of 7.41% as compared with the corresponding period last year.

During the Reporting Period, the Company continued to carry out expansion and innovation while pursuing excellence:

- (1) while the US Automotive Glass is under ramp-up period for massive production and Fuyao factories in Russia have made sound progress, a global operation landscape has taken shape for Fuyao;
- (2) the business and design systems were improved so that the demands of customers can be satisfied in a more efficient and more professional manner;
- (3) the supply chain reform for the whole Group was deepened so as to build a modern supply chain value system that can meet the requirements of customers;
- (4) the construction of operation mechanism and management team of the subsidiaries was intensified to enhance the regional competitiveness;
- (5) the Company promoted the integration of automation and informationization, upgraded the ERP (Enterprise Resources Plan) system and launched the EPM (Enterprise Performance Management) system successfully;
- (6) the Company promoted the full participation by all staff of the Company in respect of proposing rational proposals and continuous improvement, based on which it formulated a series of incentive mechanisms including "honors and credits mechanism", leading the core values of Fuyao to be fully incorporated into the daily behaviors of all staff; and
- (7) focused on innovation capability, the Company put the productivity of intelligence and knowledge into full practice and improved the integration mechanism of products, patents and technology, aiming to enhance its value creativity.

Section IV Report of the Board of Directors

(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 period (Unaudited)	For the corresponding period last year (Unaudited)	Percentage change (%)
Revenue	7,584,425	6,591,325	15.07
Costs of sales	4,380,303	3,838,748	14.11
Distribution costs and selling expenses	561,681	494,713	13.54
Administrative expenses	705,949	556,487	26.86
Finance costs – net	46,681	85,005	-45.08
Net cash generated from operating activities	1,455,428	1,300,849	11.88
Net cash used in investing activities	-1,706,247	-1,231,171	38.59
Net cash generated from financing activities	1,604,731	5,248,755	-69.43
Research and development expenses	335,746	297,006	13.04

Reason for change in revenue: increase in the sales from both OEM and ARG markets, and substantial increase in income of functional glass (such as encapsulated, panorama sunroof and coated glass) business.

Reason for change in costs of sales: mainly due to increase in corresponding costs resulting from the increase in revenue. As the cost control was effective, the increase in costs was less than the increase in operating revenue.

Reason for change in distribution costs and selling expenses: the increase in distribution costs and selling expenses is due to the increase in revenue and the commencement of operation of the US automotive glass project.

Reason for change in administrative expenses: increase in administrative expenses was mainly due to the increase in staff salaries and increase in administrative expenses arising from the commencement of production of US automotive glass and float glass projects.

Reason for change in finance costs – net: decrease in finance costs – net was mainly due to lower interest rate of loans as compared with the corresponding period last year, and interest income generated from the proceeds from the H shares offering.

Reason for change in net cash generated from operating activities: the change was mainly due to increase in revenue and effective control of costs.

Reason for change in net cash used in investing activities: the change was mainly due to the expenditure in continuous investment amounting to approximately RMB985 million for the US automotive glass and float glass projects.

Section IV Report of the Board of Directors

Reason for change in net cash generated from financing activities: the change was mainly due to receipt of proceeds from the H shares offering amounting to approximately RMB6.6 billion during the corresponding period last year.

Reason for change in research and development expenses: continuous expansion of the investment in research and development projects, where leading technology was one of the core competitiveness of Fuyao, and was the Company's development strategy.

2. Others

- (1) Details of material changes in profit composition or the source of profit of the Company

During the Reporting Period, there were no material changes in profit composition or the source of profit of the Company.

- (2) Analysis on the implementation progress of various types of financing and material asset restructuring in the Reporting Period of the Company

During the Reporting Period, the Company issued three tranches of ultra short-term financing bonds with an aggregate amount of RMB900 million, for each of which the face value and issue price were both RMB100. The issuance amount for the first tranche was RMB300 million, with a term of 270 days and a coupon rate of 2.8% (annual interest rate); the issuance amount for the second tranche was RMB300 million, with a term of 180 days and a coupon rate of 3.0% (annual interest rate); and the issuance amount for the third tranche was RMB300 million with a term of 270 days and a coupon rate of 3.09% (annual interest rate).

- (3) Details of progress of operating plan

During the Reporting Period, in a pioneering spirit, the Company continued to actively carry out various work including shifting from old concepts, carrying out lean production and lean management, upgrading its technology and automation, conducting innovations in research and development and in its management so as to guide the development of the Company, and enhancing operation and management for the purpose of efficiency improvement. As a result, the Company recorded revenue of RMB7,584,425,000, representing an increase of 15.07% as compared with the corresponding period last year, and controlled its cost expense rate (the aggregate of sales costs, distribution costs, administrative expenses, research and development expenses, net finance costs and exchange gains/(losses) of other gains/(losses) as a percentage of the revenue) at 76.82%, representing a decrease of 3.25 percentage points as compared with the 80.07% for the corresponding period last year.

- (4) Details of charge on assets

As at June 30, 2016, lands and buildings of the Group with book value of RMB9,263,000 (original value: RMB34,018,000) were pledged as security for the credit facilities of HK\$30 million.

- (5) Details of number of employees, remuneration policy and training plans

① Number of employees: as of the end of the Reporting Period, the number of employees of the Company increased to 22,777, representing an increase of 944 employees as compared with that at the end of 2015, which was mainly attributable to the increase of the number of the employees of two subsidiaries, namely, Fuyao Glass America Inc. and Tianjin Hongde Auto Glass Co., Ltd.

Section IV Report of the Board of Directors

- ② Remuneration policy: based on the principles of “legality, fairness, competitiveness and incentives”, the Company formulated a remuneration policy in accordance with the developing strategy of the Company, nature of each position and the value contributed to the construction of the Company. Remuneration of employees is mainly composed of various items including salaries, bonuses, subsidies and allowance; salaries are adjusted in accordance with the Company’s performance, market conditions, and employees’ performance and working skills. In addition, the Company participated in “five social insurances and one housing fund” as stipulated, while paying social insurance contributions and housing provident fund in a timely manner.
- ③ Training plans: according to the Group’s strategic plan, key objectives of 2016 and demand for personnel development and based on the idea of “learning through doing” and the Company’s actual situation, the Company carried out programs for improvement of comprehensive quality of the management personnel at junior level and business system trainings by focusing on the goals of “enhancement of quality, control of costs, gemba kaizen and lean production”, which laid a solid foundation for the Company to enhance its organizing and operating capability as well as highly efficient customer service ability.

(II) Analysis of operations in terms of products or regions

1. By product

Unit: '000 Currency: RMB

By products	Revenue (Unaudited)	Sales costs (Unaudited)	By product			Increase/ decrease in gross profit margin as compared with last year (%)
			Gross profit margin (%)	Increase/ decrease in revenue as compared with last year (%)	Increase/ decrease in costs of sales as compared with last year (%)	
Automotive glass	7,403,403	4,658,169	37.08	16.49	16.01	Increased by 0.26 percentage points Increased by 4.16 percentage points
Float glass	1,203,431	857,350	28.76	5.36	-0.45	
Others	185,002	72,195				
Less: Intragroup elimination	-1,207,411	-1,207,411				
Total	7,584,425	4,380,303	42.25	15.07	14.11	Increased by 0.49 percentage point

Description by product

During the Reporting Period, the Company recorded a revenue of RMB7,584,425,000 with a year-on-year increase of 15.07%, and a gross margin of 42.25% with a year-on-year increase of 0.49 percentage point. In particular, the automotive glass product recorded a revenue of RMB7,403,403,000 with a year-on-year increase of 16.49% and a gross margin of 37.08% with a year-on-year increase of 0.26 percentage point.

Section IV Report of the Board of Directors

2. By region

Unit: '000 Currency: RMB

Region	Revenue (Unaudited)	Increase/ decrease in the revenue as compared with last year (%)
In the PRC	5,024,283	14.56
Outside the PRC	2,560,142	16.08
Total	7,584,425	15.07

Description by region

During the Reporting Period, the Company recorded a revenue of RMB7,584,425,000 with a year-on-year increase of 15.07%. In particular, the PRC region recorded a revenue of RMB5,024,283,000 with a year-on-year increase of 14.56% and the region outside the PRC recorded a revenue of RMB2,560,142,000 with a year-on-year increase of 16.08%.

(III) Liquidity and source of capital

1. Cash flows

Unit: '000 Currency: RMB

Items	January to June 2016 (Unaudited)	January to June 2015 (Unaudited)
Net cash generated from operating activities	1,455,428	1,300,849
Net cash used in investing activities	-1,706,247	-1,231,171
Net cash generated from financing activities	1,604,731	5,248,755
Amount increased in liquidity	1,483,915	5,318,433

- (1) During the Reporting Period, net cash generated from operating activities amounted to RMB1,455 million. In particular, cash received from sales of goods and provision of services amounted to RMB8,017 million; cash paid for goods and services amounted to RMB4,174 million, cash paid to and paid on behalf of employees amounted to RMB1,452 million, and payment for various taxes amounted to RMB950 million.

As of June 30, 2016, cash at bank and on hand of the Group amounted to RMB7,403 million, representing an increase of RMB1,484 million or 25.07% as compared with the beginning of the year.

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

Section IV Report of the Board of Directors

- (2) During the Reporting Period, net cash used in investing activities amounted to RMB-1,706 million. In particular, net cash from disposal of subsidiaries and other business units amounted to RMB101 million; proceeds from disposal of properties, plants and equipment amounted to RMB21 million; and cash paid for purchase of long-term assets such as properties, plants and equipment and land use rights amounted to RMB1,865 million.
- (3) During the Reporting Period, net cash generated from financing activities amounted to RMB1,605 million, of which, newly-added borrowings amounted to RMB6,025 million, including cash of RMB900 million received from issuance of ultra short-term financing bonds; repayment of bank borrowings amounted to RMB2,898 million; cash payment for distribution of dividends and payment of interests amounted to RMB1,522 million.

2. Capital expenditure

Capital expenditure of the Company was mainly used for continuous investment of newly added projects and other technical transformation expenditures of the Company. During the Reporting Period, RMB1,865 million of cash was paid for purchase and construction of long-term assets such as properties, plants and equipment and land use rights. In particular, capital expenditure of Fuyao America automotive glass projects amounted to approximately RMB777 million; capital expenditure of Fuyao America float glass projects amounted to approximately RMB208 million; and capital expenditure of Tianjin automotive glass projects amounted to approximately RMB162 million.

3. Borrowings

During the Reporting Period, the newly-added borrowings amounted to RMB6,025 million of which ultra short-term financing bonds amounted to RMB900 million; cash for repayment of borrowings amounted to RMB2,898 million, of which mid-term notes amounted to RMB400 million. The Company did not utilize any financial instrument for hedging. As of June 30, 2016, interest-bearing debts are set out as follows:

Unit: 100 million Currency: RMB

Type	Amount
Short-term borrowings with fixed interest rates	53.04
Short-term borrowings with floating interest rates	0.11
Long-term borrowings with fixed interest rates due within one year	0.00
Long-term borrowings with floating interest rates due within one year	7.28
Long-term borrowings with floating interest rates	9.05
Mid-term notes	0.00
Ultra short-term financing bonds	9.00
	<hr/>
Total	78.48
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Section IV Report of the Board of Directors

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). Finance department of the headquarters of the Group is responsible for monitoring the scale of foreign currency transactions and assets and liabilities in foreign currencies to reduce the foreign exchange risks to the largest extent; as such, the Group may avoid foreign exchange risks by ways of entering into forward foreign exchange contracts or currency swap contracts. During the Reporting Period, foreign exchange gains of the Group amounted to RMB204 million, as compared with foreign exchange losses of RMB6 million for the corresponding period of last year.

(IV) Capital efficiency

Inventory turnover period during the Reporting Period was 109 days as compared with 108 days of the corresponding period of last year: among which, inventory turnover period for automotive glass was 75 days as compared with 74 days of the corresponding period of last year; inventory turnover period for float glass was 157 days as compared with 133 days of the corresponding period of last year (the year-on-year increase was mainly due to inventories of RMB161 million at the end of the period resulting from commencement of operation of the US float glass project during the Reporting Period).

The turnover period of the trade receivables during the Reporting Period was 84 days, which was the same as that of the corresponding period last year.

During the Reporting Period, the rate of return on equity interests was 9.05% as compared with 8.08% of the corresponding period of last year, representing a year-on-year increase of 0.97 percent point.

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

Unit: '000 Currency: RMB

	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
Total borrowings	7,852,992	4,719,051
Less: Cash and cash equivalents	-7,390,027	-5,905,158
Net debts	462,965	-1,186,107
Total equity	16,100,346	16,429,727
Total capital	16,563,311	15,243,620
Gearing ratio (%)	2.80%	-7.78%

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.

Section IV Report of the Board of Directors

(V) Commitments

For details, please refer to “23. Commitments” in the “Section VIII Financial report”.

(VI) Contingent liabilities

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

(VII) Analysis of 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 and delicate glass to the world.
2. Fuyao has trained a team with devotion, passion, unity and aggressiveness which has competitive advantages in operation, management, technology and technique in the glass industry.
3. The standardized, transparent and international financial system and the ERP-based process optimization system of Fuyao lay a solid foundation for the digitalization and intelligentization of “Industry 4.0”.
4. Fuyao has built a relatively comprehensive industrial ecology, such as sand mineral resources, quality float glass technology, research and development of process and equipment, global layout of research and development (R&D) centers and supply chain network; unique staff training and related mechanism, all of which are the systematic industrial advantages like a “city moat”.
5. Development strategy in a professional, devoted and concentrated manner enables the Company to react promptly to market changes and provide comprehensive solution of automotive glass for customers.

Section IV Report of the Board of Directors

(VIII) Prospects of the Company for the second half of 2016

In 2016, as affected by the weak economic growth in China and the world, together with the presence of several unfavorable cyclical and structural factors, the economy is expected to fluctuate accordingly. As a result, the automotive industry is more likely to slow its growth pace. Therefore, the Company will continue to promote technological innovation, lean production and product upgrades, so as to achieve the transformation and upgrading of business model by virtue of the intelligent manufacturing, build sustainable competitiveness of Fuyao, and create more value to customers.

Major work to be carried out by the Company in the second half of 2016:

1. Improve the mentality and capabilities of service and enhance the quality of whole-process design and management capabilities of quality; optimize the operating mechanism and management team building of subsidiaries, comprehensively enhance the operation capacity and quality control standards, and build the "customer-oriented quality culture among all staff" to make customers enjoy outstanding experience beyond expectation.
2. Focus on intelligent manufacturing, realize the transformation and upgrading of business model, ensure the capability of customized manufacturing for automotive manufacturers and maintain the sustainable competitiveness of Fuyao globally. Production of high quality and at low cost will guarantee capability of delivering products for large-scale and multi-varieties/small-lot market.
3. Further deepen the reform of business and design systems and let the production center respond directly to the needs of customers to the capability of synchronous design and integrated solutions.
4. Continue to propel the construction of informatization and big data platform, step up the automotive manufacturing levels of the Company and facilitate the advanced integration of informatization and industrialization, thus setting an example of intelligent manufacturing in China.
5. Continue to promote the full participation by all staff of the Company in respect of proposing rational proposals and continuous improvement, on which to establish a mechanism comprising guidance, assessment and motivation, leading the core values of Fuyao to be fully incorporated into the daily behaviors of all staff.
6. Intensify the management and operation of intangible assets, which will focus on the enhancement of Fuyao brand, so as to strengthen the soft competitiveness of Fuyao.

Section IV Report of the Board of Directors

(IX) Analysis of Investment

1. Overall analysis on external investment in equity interest

- (1) Securities investment
Not applicable
- (2) Equity interest in other listed companies held by the Company
Not applicable
- (3) Equity interest in financial enterprises held by the Company
Not applicable

2. Entrusted investment in non-financial entity and investment in derivatives

- (1) Entrusted wealth management

Unit: yuan Currency: RMB

Name of counterparty	Type of entrusted wealth management	Amount of wealth management	Beginning date of entrusted wealth management	Expiry date of entrusted wealth management	Method for determination of returns	Expected gains	Principal amount actually recovered	Gains actually received	Through a legal procedure or not	Amount of provision for the impairment	Connected transaction or not	Involved in a litigation or not	Source of capital and funding from proceeds or not	Connected relationship
CGB Fuzhou Branch	Principal guaranteed with floating returns	70,000,000.00	March 24, 2016	June 24, 2016	3.50%	617,534.25	70,000,000.00	617,534.25	Yes	0	No	No	No	-
Bank of Communications Fuzhou Hualin Branch	Returns guaranteed	110,000,000.00	March 28, 2016	June 28, 2016	3.65%	1,012,000.00	110,000,000.00	1,012,000.00	Yes	0	No	No	No	-
Bank of Communications Fuzhou Hualin Branch	Returns guaranteed	120,000,000.00	April 5, 2016	July 6, 2016	3.65%	1,104,000.00			Yes	0	No	No	No	-
Bank of Communications Fuzhou Hualin Branch	Returns guaranteed	80,000,000.00	April 11, 2016	July 12, 2016	3.65%	736,000.00			Yes	0	No	No	No	-
CGB Fuzhou Branch	Principal guaranteed with floating returns	200,000,000.00	April 14, 2016	July 14, 2016	3.50%	1,745,205.48			Yes	0	No	No	No	-
CGB Fuzhou Branch	Principal guaranteed with floating returns	200,000,000.00	June 28, 2016	September 28, 2016	3.50%	1,745,205.48			Yes	0	No	No	No	-
Total	/	780,000,000.00	/	/	/	6,959,945.21	180,000,000.00	1,629,534.25	/	0	/	/	/	/

Principal and accumulated returns overdue but yet to be recovered (RMB)

0

Explanations on entrusted wealth management

None of the above entrusted wealth managements engagements constitutes a connected transaction. The Company neither made provisions for the impairment of entrusted wealth management nor involved any litigation. As at the disclosure date of this report, there is no principal or returns overdue but yet to be recovered.

- (2) Entrusted loan
Not applicable
- (3) Other investment and derivative investment
Not applicable

Section IV Report of the Board of Directors

3. Use of proceeds of fundraising activities

- (1) Overall use of proceeds
Not applicable
- (2) Projects financed by proceeds
Not applicable
- (3) Changes in projects financed by proceeds
Not applicable
- (4) Use of proceeds from issuance of H shares

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

As of June 30, 2016, the Company has used an accumulated amount of USD835,626,500 of proceeds raised from the H shares offering, among which, USD200,000,000 were remitted to the PRC for repaying bank loans and replenishing working capital; USD495,726,500 was used for the construction of the US automotive glass and float glass projects; and USD139,900,000 was invested in the construction of the Russian automotive glass project.

The actual use of proceeds from the H shares offering of the Company is in line with the use of proceeds as disclosed in the prospectus in relation to H shares offering of the Company dated March 19, 2015.

Section IV Report of the Board of Directors

4. 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	53,514.95	200,868	110,038	90,568	43,235	39,703
Fuyao Group (Shanghai) Automobile Glass Co., Ltd.	Manufacturing enterprise	Production and sale of automotive glass products	USD68.0488 million	238,006	104,278	119,241	42,724	39,467
Guangzhou Fuyao Glass Co., Ltd.	Manufacturing enterprise	Production of special glass made of inorganic nonmetallic materials and products	USD75 million	214,619	84,138	103,870	26,025	22,721
Shanghai Fuyao Bus Glass Co., Ltd.	Manufacturing enterprise	Production of special glass and sale of self-produced products	20,000.00	102,897	41,165	69,346	18,375	15,908
Fuyao Glass America Inc.	Manufacturing enterprise	Production and sale of automotive glass products	USD330 million	417,753	70,662	19,201	-16,759	-16,784

5. Projects financed by funds not from fundraising activities

Not applicable

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

(1) Execution or adjustment of profit distribution plan implemented during the Reporting Period

Pursuant to the resolution of the seventh meeting of the eighth session of the board of directors held on March 19, 2016, and on the basis of 2,508,617,532 shares of total share capital as of December 31, 2015, a cash dividend of RMB7.5 (tax inclusive) for every 10 shares was declared, amounted to RMB1,881,463,149 in total. The profit distribution plan was considered and approved at the 2015 annual general meeting of the Company held on May 20, 2016. The distribution dates of cash dividend for A shares and H shares were June 8, 2016 and July 8, 2016, respectively.

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

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

Section IV Report of the Board of Directors

III. OTHER DISCLOSURE

- (1) Warning and explanation about predicted negative accumulated net profit for the period from the beginning of the year to the end of the next Reporting Period or significant change as compared with the corresponding period of last year

Not applicable

- (2) Explanation of the Board of Directors and the Board of Supervisors on a “Non-Standard Audit Report” issued by the accountant

Not applicable

- (3) Others

On July 11, 2016, the Company received the “Approval in Relation to the Public Issuance of Corporate Bonds by Fuyao Glass Industry Group Co., Ltd. to Qualified Investors” (Zheng Jian Xu Ke [2016] No. 1539) from the CSRC, whereby the Company is approved to carry out public issuance of corporate bonds to qualified investors by tranches with an aggregate nominal value of not more than RMB6 billion.

From July 21, 2016 to July 22, 2016, the Company publicly issued 2016 corporate bonds (First Tranche) (the “Corporate Bonds”) of RMB800 million to the qualified investors, at a coupon rate of 3.00% and for a term of three years commencing from July 22, 2016. For more details, please refer to the “Prospectus of Fuyao Glass Industry Group Co., Ltd. in Relation to the Public Issuance of 2016 Corporate Bonds (First Tranche) (to Qualified Investors)”, the “Issuance Announcement of Fuyao Glass Industry Group Co., Ltd. in Relation to the Public Issuance of 2016 Corporate Bonds (First Tranche) (to Qualified Investors)”, the “Announcement of Fuyao Glass Industry Group Co., Ltd. in Relation to Coupon Rate for the Public Issuance of 2016 Corporate Bonds (First Tranche)” and the “Announcement of Fuyao Glass Industry Group Co., Ltd. in Relation to Issuance Results for the Public Issuance of 2016 Corporate Bonds (First Tranche)” published on the website of the SSE and the Hong Kong Stock Exchange.

IV. CORPORATE GOVERNANCE

- (I) Corporate Governance Overview

1. Corporate Governance Code

The Company is committed to maintaining a high level of corporate governance in order to increase the shareholders’ value and safeguard the interests of the shareholders. The Company has formulated a modernized corporate governance structure and established general meetings, the Board of Directors, the board of supervisors, special committees of the Board of Directors and senior management with reference to the Company Law of the People’s Republic China (the “Company Law”), Mandatory Clauses for Articles of Association of Companies Listed Overseas, Corporate Governance Code (the “CG 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 CSRC. The Company has adopted the principles and code provisions set out in the CG Code and complied with the code provisions set out in the CG 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.

Section IV Report of the Board of Directors

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 CG 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, 2016, the Board of Directors comprised eight directors, three of which 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.

(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 the rule 3.10(2) of the Hong Kong Listing Rules. The other members of the audit committee are Ms. Cheng Yan, an independent non-executive director, and Ms. Zhu Dezhen, a non-executive director. The 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.

Section IV Report of the Board of Directors

3. Nomination Committee

The Company has established a nomination committee in accordance with code provisions A.5.1 and A.5.2 under the CG 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. Cheng Yan, 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.

4. Strategy and Development Committee

The Company has established the strategy and development committee in accordance with the requirements of the Code of Corporate Governance for Listed Companies. The strategy and development committee is mainly responsible for feasibility research on the Company's long-term development and strategy plans as well as major strategic investments, and shall report to and hold responsibility for the Board of Directors. The strategy and development committee consists of three members; the 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, vice chairman of Board of Directors and a non-executive director and Ms. Cheng Yan, 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 did the Company nor did any of its subsidiaries purchase, dispose or redeem 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, 2016 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. MATERIAL LITIGATION, ARBITRATION AND MATTERS COMMONLY QUESTIONED BY THE MEDIA

Not applicable

II. MATTERS IN RELATION TO BANKRUPTCY AND RESTRUCTURING

Not applicable

III. ASSET TRANSACTIONS AND MERGERS

- (I) Acquisition and disposal of assets and business combinations which have been published in temporary announcements and have no changes in subsequent implementation

Description and type of the matter

Inquiry index

According to the strategic development plan of the Company, in order to consolidate its resources to develop its core business of automotive glass and to foster the fine-tuning and optimization of its asset structure, the Company and its wholly-owned subsidiary, Fujian Wanda Automobile Glass Industry Co., Ltd., sold the 100% equity interest in aggregate in Fuzhou Fuyao Mold Technology Co., Ltd. held by them to Fujian Triplex Industrial Development Co., Ltd. at a consideration of approximately RMB68.8267 million. On March 31, 2016, Fuzhou Fuyao Mold Technology Co., Ltd completed the business registration procedures of the equity transfer.

See the Announcement of Fuyao Glass Industry Group Co., Ltd. on Connected Transaction in relation to Disposal of Assets dated March 21, 2016 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, and the website of the SSE (<http://www.sse.com.cn>) and the Announcement on Connected Transaction-Disposal of a Wholly-owned Subsidiary dated March 21, 2016 as published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

- (II) Matters which have not been disclosed in temporary announcements or have subsequent development

Not applicable

IV. EQUITY INCENTIVES OF THE COMPANY AND THE IMPACT THEREOF

Not applicable

Section V Significant Events

V. SUBSTANTIAL CONNECTED TRANSACTIONS

(I) Connected transactions in relation to ordinary business operations

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

Description of the matter

Inquiry index

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

For details, please refer to the Announcement on the Continuing Connected Transactions of Fuyao Glass Industry Group Co., Ltd. dated August 24, 2015 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, the Securities Daily, and on the website of SSE (<http://www.sse.com.cn>) and the Announcement on Continuing Connected Transactions under the Supply of Goods Framework Agreements and the Distribution Agreements dated August 24, 2015 and the Clarification Announcement dated September 1, 2015 as published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

At the sixth meeting of the eighth session of the Board of Directors held on October 26, 2015, the following resolutions were considered and approved: the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Tri-Wall Packaging (Fuzhou) Co., Ltd. for the Year 2016, the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Ningbo Hongxiecheng Automotive Parts Co., Ltd. from January to July 2016, the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Chongqing Hongxiecheng Automotive Parts Co., Ltd. from January to July 2016, the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Fujian Triplex Auto Parts Development Co., Ltd. for the Year 2016 and the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Fujian Triplex Machinery Technology Co., Ltd. for the Year 2016.

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



Section V Significant Events

Description of the matter

At the seventh meeting of the eighth session of the Board of Directors held on March 19, 2016, the following resolutions were considered and approved: the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Fuzhou Fuyao Mold Technology Co., Ltd. for the Year 2016, the Resolution in relation to Projected Continuing Connected Transactions between the Company and Fujian Triplex Auto Services Co., Ltd. for the Year 2016, the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Fujian Triplex Auto Parts Development Co., Ltd. for the Year 2016, the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Hubei Jierui Automobile Glass Co., Ltd. for the Year 2016 and the Resolution in relation to the Projected Continuing Connected Transactions between the Company and Hunan Jierui Automobile Glass Co., Ltd. for the Year 2016.

Inquiry index

For the details, please refer to the Announcement on the Continuing Connected Transactions of Fuyao Glass Industry Group Co., Ltd. dated March 21, 2016 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, and on the website of SSE (<http://www.sse.com.cn>) and the Announcement on Continuing Connected Transactions under Fuzhou Mold Supply of Goods Framework Agreement and Triplex Auto Services Master Distribution Framework Agreement dated March 21, 2016 and the Further Announcement on the Continuing Connected Transactions under the Fuzhou Mold Supply of Goods Framework Agreement and the Triplex Auto Services Master Distribution Framework Agreement dated April 19, 2016 as published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

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

- (1) The Resolution in relation to the Lease of Properties from Fujian Yaohua Industrial Village Development Co., Ltd. by the Company was considered and approved at the sixth meeting of the eighth session of the Board of Directors of the Company convened on October 26, 2015. The Company has leased the warehouse on Underground Floor I, staff cafeteria and club and staff dormitory of Districts I and II of and the standard plant of District I of Fuyao Industrial Zone located at Hong Lu Zhen, Fuqing, Fujian Province with a total area of 138,281.86m² from Fujian Yaohua Industrial Village Development Co., Ltd. at a monthly rent of RMB1,797,664.18, aggregating to an annual rent of RMB21,571,970.16. The term of the lease is three years from January 1, 2016 to December 31, 2018. For details, please refer to the Announcement of Fuyao Glass Industry Group Co., Ltd. on Connected Transaction in relation to the Lease of Properties dated October 27, 2015 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, the Securities Daily, and on the website of SSE (<http://www.sse.com.cn>) and the Announcement on Renewal of the Continuing Connected Transaction under the Lease Contract dated October 27, 2015 as published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

Upon confirmation by both parties, starting from April 1, 2016, the total leased area has been adjusted from 138,281.86m² to 133,598.20m² and the monthly rent been adjusted from RMB1,797,664.18 to RMB1,736,776.60.

Section V Significant Events

- (2) The Resolution in relation to the Projected Continuing Connected Transactions between the Company and Fujian Hongxiacheng Automotive Parts Co., Ltd. from January to July 2016 was considered and approved at the sixth meeting of the eighth session of the Board of Directors convened on October 26, 2015. For the details, please refer to the Announcement on the Continuing Connected Transactions of Fuyao Glass Industry Group Co., Ltd. dated October 27, 2015 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, the Securities Daily, and on the websites of SSE (<http://www.sse.com.cn>) and the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

In 2016, benefiting from the new product development of the Company, production scale of the Company was expanded. The Company expected that the procurement of raw and auxiliary materials from Fujian Hongxiacheng Automotive Parts Co., Ltd. will increase significantly in terms of both volume and amount. The Resolution in relation to Increase in the Projected Continuing Connected Transactions between the Company and Fujian Hongxiacheng Automotive Parts Co., Ltd from January to July 2016 was considered and approved at the seventh meeting of the eighth session of the Board of Directors convened on March 19, 2016. For details, please refer to the Announcement of Fuyao Glass Industry Group Co., Ltd. in Relation to Increase in the Estimate Volume of the Continuing Connected Transactions between the Company and Fujian Hongxiacheng Automotive Parts Co., Ltd. from January to July 2016 dated March 21, 2016 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, and on the websites of SSE (<http://www.sse.com.cn>) and the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

3. Matters not disclosed in temporary announcements

Not applicable

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

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

Description of the matter

Inquiry index

According to the strategic development plan of the Company and in order to consolidate its resources to develop its core business of automotive glass and foster the fine-tuning and optimization of its asset structure, the Company and Fujian Wanda Automobile Glass Industry Co., Ltd. (a wholly-owned subsidiary of the Company), sold 100% equity interests in aggregate in Fuzhou Fuyao Mold Technology Co., Ltd. held by them to Fujian Triplex Industrial Development Co., Ltd. at a consideration of approximately RMB68.8267 million. On March 31, 2016, Fuzhou Fuyao Mold Technology Co., Ltd. had completed the business registration procedures of the above equity transfer.

For details, please refer to the Announcement of Fuyao Glass Industry Group Co., Ltd. on Connected Transaction in relation to Disposal of Assets by the Company dated March 21, 2016 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, the website of the SSE (<http://www.sse.com.cn>) and the Announcement on Connected Transaction-Disposal of a Wholly-owned Subsidiary dated March 21, 2016 as published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

2. Matters not disclosed in temporary announcements

Not applicable

Section V Significant Events

VI. MATERIAL CONTRACTS AND THE IMPLEMENTATION THEREOF

1 Custody, contracting and leasing

Not applicable

2 Guarantee

Unit: 0'000 Currency: RMB

External guarantees of the Company (excluding guarantees for subsidiaries)

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

Guarantees of the Company for subsidiaries

Total amount of the guarantees for subsidiaries during the Reporting Period	109,414.80
Balance of the total amount of the guarantees for subsidiaries at the end of the Reporting Period (B)	145,886.40

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

Total amount of guarantees (A+B)	145,886.40
Total amount of guarantees as a percentage of the net assets of the Company (%)	9.07
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

Section V Significant Events

VII. PERFORMANCE OF UNDERTAKINGS

- (I) Undertakings of the Company, shareholders with over 5% of the shareholding, the controlling shareholder and the de facto controller during or subsisting in 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 the undertaking is honored in a timely and strict manner
Other undertakings	Dividend distribution	Fuyao Glass Industry Group Co., Ltd.	The dividend distribution plan for the shareholders for the upcoming three years (2015-2017) is as follows: 1. Form of profit distribution: provided that the relevant stipulations and conditions under the relevant laws, regulations, normative documents, the Articles of Association and this plan are complied with and that the continuity and stability of the profit distribution plan is ensured, the Company may distribute dividends by way of cash, shares, the combination of cash and shares or any other distribution methods as permitted under relevant laws and regulations. The profit distribution of the Company shall neither exceed the accumulated distributable profit nor impair the Company's ability to continue as a going concern. Among the profit distribution methods, the Company shall preferentially distribute in the form of cash over shares. Where the Company fulfills the conditions for dividend distribution in the form of cash, the Company shall distribute dividends by way of cash. Where the Company distributes profit in the form of shares, the decision shall be made based on true and reasonable factors such as the growth of the Company and the dilution of net assets per share. 2. Interval of profit distribution: if the Company has generated profit and its Accumulated undistributed profit is a positive figure in the year, the Company shall distribute profit at least once a year. The Company may make interim profit distribution by way of cash. In the upcoming three years, the board of directors of the Company may propose to the Company an interim dividend distribution in accordance with the profit scale, cash flow, development stage and demand for funds of the Company in the year. 3. Specific conditions for and the minimum proportion of cash dividend: in the event that the Company has no material investment plans or substantial capital expenditure (excluding investment projects for fundraising) and the Company has generated profit and its accumulated undistributed profit is a positive figure in the year, the Company shall distribute dividend in the form of cash and the profit distributed by this way for the year shall not be less than 20% of the distributable profit realized in the year, provided, however, that the sustainable operations and long-term development of the Company are ensured. The board of directors shall devise a proposal on the specific proportion of dividend distribution for each year in accordance with the profit of the Company for the year and plans for the utilizing future funds. 4. Specific conditions for dividend distribution by way of shares: provided that good conditions for operations and growth of the Company are ensured and that the board of directors considers there is a mismatch between the scale of the Company's share capital and, inter alia, the earnings per share, share price and net assets per share, and under the premise that the Company fulfills the requirements above for cash dividend distribution, the Company may distribute profit by way of shares. In determining the specific amount of profit distribution in the form of shares, the Company shall fully take into account whether the total share capital after the distribution of share dividends is in line with, inter alia, the current operational scale, pace of profit growth and dilution of net assets per share of the Company and consider its impact on future debt financing costs, in a bid to ensure that the profit distribution plan is in line with the overall and long-term interests of the shareholders as a whole. 5. Differentiated cash dividend policy: The board of directors shall distinguish the following circumstances having taken into account its industry features, development stages, business model and profitability as well as whether it has any substantial capital expenditure arrangements, and propose differentiated cash dividend policies in accordance with the procedures set out in the Articles of Association:	Date of announcement of the undertaking: March 12, 2015, term of performance of the undertaking: January 1, 2015 to December 31, 2017	Yes	Yes

Section V Significant Events

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 the undertaking is honored in a timely and strict manner
			<p>(1) Where the Company is in a developed stage with no substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 80% of the total profit distribution during the profit distribution; (2) Where the Company is in a developed stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 40% of the total profit distribution during the profit distribution; (3) Where the Company is in a developing stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 20% of the total profit distribution during the profit distribution; If it is difficult to determine the Company's stage of development while it has significant capital expenditure arrangements, the profit distribution may be dealt with pursuant to the rules applied in the previous distribution. 6. In the event that the Company has realized profit in the previous financial year but the board of directors of the Company did not propose any cash dividend distribution plan at the end of the previous financial year, the Company shall seek advice from the independent directors and shall disclose in the periodic reports the reasons for not proposing the cash dividend plan, the use of undistributed funds accumulated in the Company, and the independent directors shall present independent opinions and disclose the same to the public. 7. The formulation and execution of the profit distribution plan: the board of directors shall propose a profit distribution plan and submit the same to the general meeting for consideration at the end of each financial year. The Company accepts the advice and supervision of all shareholders, independent directors and supervisors on the Company's profit distribution plan. After the decision for the profit distribution plan has been reached at the general meeting of the Company, the board of directors of the Company shall complete the distribution of dividends (or shares) within 2 months of the convening of the general meeting.</p>			

According to the relevant disclosures headed "Substantial Shareholders" in the prospectus in relation to the H shares offering dated March 19, 2015, Ms. Chan Fung Ying and Fujian Yaohua Industrial Village Development Co., Ltd. ("Yaohua") undertook that subject to any disposal prohibitions required by PRC securities laws, rules and regulations, Yaohua and Ms. Chan shall together donate to the Company, within 15 business days following the lock-up expiry date (the date which is 12 months from the listing of the H shares of the Company, i.e. March 31, 2016, "Lock-up Expiry Date"), any notional profit gained by Yaohua and Ms. Chan in respect of the additional acquisition of 10,047,792 A Shares (the "Subject Shares") at an average price of RMB14.916 per A Share on March 2, 2015. The specific formula is as follows: total amount to be donated to the Company = (the average closing price of the A shares of the Company as traded on the SSE for the five trading days immediately preceding the Lock-up Expiry Date – RMB14.916) X 10,047,792 shares. If the average closing price of the A shares of the Company as traded on the SSE for the 5 trading days immediately preceding the Lock-up Expiry Date is lower than RMB14.916 per share, the total amount to be donated by Yaohua and Ms. Chan to the Company will be zero. The notional gain to be donated does not necessarily require the disposal of the Subject Shares by Yaohua and Ms. Chan. As the average closing price of the A shares of the Company as traded on the SSE for the 5 trading days immediately preceding the Lock-up Expiry Date was RMB14.724 per share, lower than RMB14.916 per share, Yaohua and Ms. Chan need not donate any notional gain in respect of the Subject Shares.

Section V Significant Events

VIII. THE APPOINTMENT AND DISMISSAL OF ACCOUNTANTS

Not applicable

IX. PENALTIES AND RECTIFICATIONS OF THE COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS WITH OVER 5% OF THE SHAREHOLDING, DE FACTO CONTROLLER AND ACQUIRERS

Not applicable

X. CONVERTIBLE CORPORATE BONDS

Not applicable

XI. CORPORATE GOVERNANCE

During the Reporting Period, the Company continuously improved corporate governance structure, standardized its operations, improved its management of insider information, enhanced its information disclosure and safeguarded the interests of the shareholders as a whole in strict compliance with the PRC Company Law, the PRC Securities Law and Code of Corporate Governance for Listed Companies as well as the requirements for relevant documents promulgated by the CSRC, SSE and Hong Kong Stock Exchange.

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

XII. DETAILS OF OTHER SIGNIFICANT MATTERS

(I) Analysis on the reasons and impact from the changes to the accounting policies, accounting estimates or audit methods by the Board of Directors

Not Applicable

(II) Analysis on the reasons and impact from the corrections to material errors in the previous period by the Board of Directors

Not Applicable

Section VI Changes in Shares and Information of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of Changes in Shares

1. Table of Changes in Shares

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

(II) Changes in Shares Subject to Selling Restrictions

Not applicable

II. PARTICULARS OF SHAREHOLDERS

(I) Total number of shareholders

As at June 30, 2016, the Company had 67,606 shareholders in total, including 67,537 holders of A shares and 69 holders of H shares.

Total number of shareholders as of the Reporting Period	67,606
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 period	Percentage (%)	Number of shares held with selling restrictions	Pledged or moratorium		Nature of shareholders
					Status of shares	Number	
HKSCC NOMINEES LIMITED ^(Note)	104,800	505,566,800	20.15	-	Unknown	-	Unknown
Sanyi Development Limited	0	390,578,816	15.57	-	Nil	-	Overseas legal person
Heren Charitable Foundation	0	290,000,000	11.56	-	Nil	-	Domestic Non-state- owned legal person
Hong Kong Securities Clearing Company Limited	54,312,559	201,053,895	8.01	-	Unknown	-	Unknown
China Securities Finance Corporation Limited	357,809	60,417,466	2.41	-	Unknown	-	Unknown
TEMASEK FULLERTON ALPHA PTE LTD	0	38,653,598	1.54	-	Unknown	-	Unknown
Fujian Yaohua Industrial Village Development Co., Ltd.	0	34,277,742	1.37	-	Pledged	22,340,000	Domestic Non-state- owned legal person
Central Huijin Asset Management Ltd.	0	24,598,300	0.98	-	Unknown	-	Unknown
Bai Yongli	2,317,400	19,795,219	0.79	-	Unknown	-	Unknown
Li Shengqing	0	18,089,275	0.72	-	Unknown	-	Unknown

Section VI Changes in Shares and Information of Shareholders

Shareholding of the top ten shareholders not subject to selling restrictions

Name of shareholders	Number of tradable shares held not subject selling restrictions	Type and number of shares	
		Type	Number
HKSCC NOMINEES LIMITED <i>(Note)</i>	505,566,800	Overseas listed foreign-invested shares	505,566,800
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	201,053,895	Ordinary shares dominated in RMB	201,053,895
China Securities Finance Corporation Limited	60,417,466	Ordinary shares dominated in RMB	60,417,466
TEMASEK FULLERTON ALPHA PTE LTD	38,653,598	Ordinary shares dominated in RMB	38,653,598
Fujian Yaohua Industrial Village Development Co., Ltd.	34,277,742	Ordinary shares dominated in RMB	34,277,742
Central Huijin Asset Management Ltd.	24,598,300	Ordinary shares dominated in RMB	24,598,300
Bai Yongli	19,795,219	Ordinary shares dominated in RMB	19,795,219
Li Shengqing	18,089,275	Ordinary shares dominated in RMB	18,089,275
Explanations on the connected relationship or parties acting in concert among the above shareholders		The de facto controllers of Sanyi Development Ltd. and Fujian Yaohua Industrial Village Development Co.,Ltd. are members of the same family. With regard to the remaining eight shareholders not subject to selling restrictions, it is uncertain whether there is any connected relationship among the shareholders and whether such shareholders are parties acting in concert which fall within the meaning under the "Measures for the Administration of Information Disclosure of Change of Shareholdings Held by Shareholders of Listed Companies".	

Note: HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) holds shares on behalf of the clients of the Hong Kong stock brokers and the participants of the CCASS System.

Section VI Changes in Shares and Information of Shareholders

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

As at June 30, 2016, the interests or short positions of directors, supervisors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, (a) which will be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code 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 (%)	Percentage of total issued share capital of the Company (%)	Class of shares
Mr. Cho Tak Wong <i>(the chairman and an executive director)</i>	Beneficial owner/ interest of his spouse/ interest of controlled corporation	437,257,991 (L)	21.83 (L)	17.43 (L)	A share
Mr. Zuo Min <i>(the president)</i>	Beneficial owner	16,136,623 (L)	0.81 (L)	0.64 (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 and 12,086,605 A shares (L) through Home Bridge Overseas 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) (L) – long position

Save as disclosed above, as at June 30, 2016, 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 notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or which was required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Section VI Changes in Shares and Information of Shareholders

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

As at June 30, 2016, the Company was notified of the following persons other than directors, supervisors or chief executive of the Company who have 5% or more interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

Name	Capacity/ nature of interest	Number of shares interested	Percentage of total issued share capital of the relevant class of shares ⁽⁶⁾ (%)	Percentage of total issued share capital of the Company ⁽⁶⁾ (%)	Class of shares
Chan Fung Ying ⁽¹⁾	Interest of her spouse/interest of controlled corporation	437,257,991 (L)	21.83 (L)	17.43 (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
Commonwealth Bank of Australia ⁽²⁾	Interest of controlled corporation	70,710,000 (L)	13.98 (L)	2.82 (L)	H share
Matthews International Capital Management, LLC	Investment manager	65,824,000 (L)	13.01 (L)	2.62 (L)	H share
Hillhouse Capital Management, Ltd. ⁽³⁾	Investment manager	46,170,400 (L)	9.13 (L)	1.84 (L)	H share
Gaoling Fund, L.P. ⁽³⁾	Beneficial owner	44,775,000 (L)	8.86 (L)	1.78 (L)	H share
China Minsheng Investment Corp., Ltd. ⁽⁴⁾	Beneficial owner	30,000,000 (L)	5.93 (L)	1.20 (L)	H share
JPMorgan Chase & Co. ⁽⁵⁾	Beneficial owner/investment manager/custodian	32,085,868 (L) 2,050,000 (S) 18,562,268 (P)	6.34 (L) 0.40 (S) 3.67 (P)	1.28 (L) 0.08 (S) 0.74 (P)	H share

Notes:

- (1) Ms. Chan Fung Ying indirectly held 34,277,742 A shares (L) through Fujian Yaohua Industrial Village Development Co., Ltd. ("Yaohua") of which, 22,340,000 A shares (L) were pledged to China Merchants Securities Co., Ltd. by Yaohua. In addition, she was deemed to have an interest in 402,980,249 A shares (L) held by her spouse, Mr. Cho Tak Wong.
- (2) As First State Investments (Hong Kong) Ltd. and First State Investment Management (UK) Limited, the entities controlled by Commonwealth Bank of Australia, held 70,710,000 H shares (L) of the Company in aggregate, Commonwealth Bank of Australia was deemed to have an interest in the shares of the Company held by such entities.
- (3) As Gaoling Fund L.P. and YHG Investment, L.P., the entities controlled by Hillhouse Capital Management, Ltd., held 44,775,000 H shares (L) and 1,395,400 H shares (L) of the Company respectively, Hillhouse Capital Management, Ltd. was deemed to have an interest in the shares of the Company held by such entities.

Section VI Changes in Shares and Information of Shareholders

- (4) As CMI Financial Holding Corporation, an entity controlled by China Minsheng Investment Corp. Ltd., held 30,000,000 H shares (L) of the Company, China Minsheng Investment Corp. Ltd. was deemed to have an interest in the shares of the Company held by such entity.
- (5) JPMorgan Chase & Co. held 32,085,868 H shares (L), 2,050,000 H shares (S) and 18,562,268 H shares (P) of the Company through multiple entities under its control. In addition, 2,400 H shares (L) relate to derivatives, namely the unlisted derivatives – cash settled.
- (6) The percentage is based on the issued number of the relevant class of shares/total issued shares of the Company as at June 30, 2016.
- (7) (L) – long position, (S) – short position, (P) – lending pool.

Save as disclosed above, as at June 30, 2016, there was no person having interest or short position in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

- (V) Strategic investors or general legal persons who are the top ten shareholders by placement of new shares

Not applicable

III. CHANGES IN CONTROLLING SHAREHOLDER OR DE FACTO CONTROLLER

Not applicable

Section VII Directors, Supervisors and Senior Management

I. CHANGES IN SHAREHOLDING

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

Unit: share

Name	Position	Number of shares held at the beginning of the period	Number of shares held at the end of the period	Changes in shares held for the Reporting Period
Cho Tak Wong	Executive Director, Chairman of the Board of Directors	314,828	314,828	0
Tso Fai	Non-executive Director, Vice Chairman of the Board of Directors	-	-	-
Chen Xiangming	Executive Director, Joint Company Secretary, Chief Financial Officer	-	-	-
Wu Shinong	Non-executive Director	-	-	-
Zhu Dezhen	Non-executive Director	-	-	-
Cheng Yan	Independent Non-executive Director	-	-	-
Liu Xiaozhi	Independent Non-executive Director	-	-	-
Wu Yuhui	Independent Non-executive Director	-	-	-
Bai Zhaohua	Chairman of the Board of Supervisors	-	-	-
Ni Shiyu	Supervisor	-	-	-
Chen Mingsen	Supervisor	-	-	-
Zuo Min	President	16,136,623	16,136,623	0
He Shimeng	Vice President	33,633	33,633	0
Chen Juli	Vice President	-	-	-
Huang Xianqian	Vice President	-	-	-
Yang Chun-Han (resigned)	Vice President	-	-	-
Li Xiaoxi	Secretary to the Board of Directors	365,600	365,600	0
Chen Xiangming (resigned)	Secretary to the Board of Directors	-	-	-
Chen Jicheng (resigned)	Executive Director, Vice President	-	-	-

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

- (II) Option incentive granted to directors, supervisors and senior management during the Reporting Period

Not applicable

Section VII Directors, Supervisors and Senior Management

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

Name	Position	Change	Reason for the change
Yang Chun-Han	Vice President	Appointed	Considered and approved at the seventh meeting of the eighth session of the Board of Directors
Li Xiaoxi	Secretary to the Board of Directors	Appointed	Considered and approved at the seventh meeting of the eighth session of the Board of Directors
Chen Xiangming	Secretary to the Board of Directors	Resigned	Required by re-division of functions of the management
Chen Jicheng	Executive Director, Vice President	Resigned	Personal reason
Yang Chun-Han	Vice President	Resigned	Personal reason

Notes:

1. On March 19, 2016, the appointments of Mr. Yang Chun-Han as a vice president of the Company and Ms. Li Xiaoxi as the secretary to the Board of Directors with a term of office commencing from the date of approval at the board meeting and ending on the date of expiry of the term of office of the eighth session of the Board of Directors, were considered and approved at the seventh meeting of the eighth session of the Board of Directors. Please refer to the announcement dated March 21, 2016 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 (<http://www.hkexnews.hk>) for details.
2. Due to the need of re-division of functions of the management of the Company, Mr. Chen Xiangming tendered his resignation as the secretary to the Board of Directors, to the Board of Directors on March 19, 2016, and the Board of Directors accepted the resignation letter tendered by Mr. Chen Xiangming. After Mr. Chen Xiangming resigned from the position of secretary to the Board of Directors, he remains as an executive director, the chief financial officer and a joint company secretary of the Company. Please refer to the announcement published on Shanghai Securities News, China Securities Journal, Securities Times, the websites of the SSE (<http://www.sse.com.cn>) and the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) dated March 21, 2016 for details.
3. On April 26, 2016, Mr. Chen Jicheng tendered his resignation from his position as executive director and vice president of the Company to the Board of Directors due to personal reason, with effect from April 26, 2016. Please refer to the announcement dated April 28, 2016 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 (<http://www.hkexnews.hk>) for details.
4. On July 26, 2016, Mr. Yang Chun-Han tendered his resignation from his position as a vice president of the Company to the Board of Directors due to personal reason, with effect from July 26, 2016. Please refer to the announcement dated July 27, 2016 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 (<http://www.hkexnews.hk>) for details.

Section VII Directors, Supervisors and Senior Management

III. CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

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

1. Mr. Wu Shinong, a non-executive director of the Company, resigned as an independent non-executive director of Xiamen Xiangyu Co., Ltd. (廈門象嶼股份有限公司) (a company listed on the SSE, stock code: 600057) in August 2016.
2. Mr. Tso Fai, a non-executive director and the vice chairman of the Board of Directors, is currently the executive director and general manager of Fuzhou Fuyao Mold Technology Co., Ltd. (福州福耀模具科技有限公司).
3. Mr. Chen Xiangming, an executive director, the chief financial officer and a joint company secretary of the Company, ceased to concurrently serve as the secretary to the Board of Directors since March 19, 2016 due to the need of re-division of functions of the management.

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

Section VIII Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Interim Balance Sheet

	<i>Note</i>	2016-6-30 RMB'000 (Unaudited)	2015-12-31 <i>RMB'000</i> (audited)
Assets			
Non-current assets			
Property, plant and equipment	6	12,050,963	10,806,529
Leasehold land and land use rights	7	1,048,501	1,067,429
Intangible assets	8	150,015	153,912
Investments in joint ventures	9	48,331	46,449
Long-term prepaid rental expenses		39,194	44,851
Deferred income tax assets	10	207,708	204,649
		13,544,712	12,323,819
Current assets			
Inventories		2,708,967	2,494,921
Trade and other receivables	11	4,168,488	3,783,579
Derivative financial instruments			
Restricted cash		12,736	13,687
Cash and cash equivalents		7,390,027	5,905,158
		14,280,218	12,197,345
Assets of disposal group classified as held-for-sale	12	228,973	320,468
		14,509,191	12,517,813
Total assets		28,053,903	24,841,632
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital	13	2,508,618	2,508,618
Share premium	14	6,202,553	6,202,553
Other reserves	14	1,192,995	1,098,091
Retained earnings		6,189,039	6,614,026
		16,093,205	16,423,288
Non-controlling interests		7,141	6,439
Total equity		16,100,346	16,429,727

Section VIII Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

Condensed Consolidated Interim Balance Sheet (Continued)

	<i>Note</i>	2016-6-30 RMB'000 (Unaudited)	2015-12-31 <i>RMB'000</i> (audited)
Liabilities			
Non-current liabilities			
Borrowings	15	905,000	848,000
Deferred income tax liabilities	10	94,600	92,583
Deferred income on government grants	16	368,533	368,472
		1,368,133	1,309,055
Current liabilities			
Trade and other payables	17	3,415,555	2,940,670
Current income tax liabilities		194,104	262,137
Borrowings	15	6,947,992	3,871,051
Derivatives financial instruments		3,318	925
Current portion of deferred income on government grants	16	17,643	18,515
		10,578,612	7,093,298
Liabilities of disposal group classified as held-for-sale		6,812	9,552
		10,585,424	7,102,850
Total liabilities		11,953,557	8,411,905
Total equity and liabilities		28,053,903	24,841,632

Section VIII Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

Condensed Consolidated Interim Income Statement

	Note	Accumulated in June 2016 RMB'000 (Unaudited)	Accumulated in June 2015 RMB'000 (Unaudited)
Revenue		7,584,425	6,591,325
Cost of sales		-4,380,303	-3,838,748
Gross profit		3,204,122	2,752,577
Distribution costs		-561,681	-494,713
Administrative expenses		-705,949	-556,487
Research and development expenses		-335,746	-297,006
Other income		23,111	26,472
Other gains/(losses) – net	18	199,859	-30,916
Operating profit	19	1,823,716	1,399,927
Finance income		28,705	9,716
Finance costs		-75,386	-94,721
Finance costs – net		-46,681	-85,005
Share of profit of joint ventures		1,882	2,884
Profit before income tax		1,778,917	1,317,806
Income tax expense	20	-321,739	-99,924
Profit for the period		1,457,178	1,217,882
Profit attributable to:			
Equity holders of the Company		1,456,476	1,215,259
Non-controlling interests		702	2,623
Profit for the period		1,457,178	1,217,882
Earnings per share attributable to equity holders of the Company during the period			
– Basic and diluted earnings per share (expressed in RMB per share)	21	0.58	0.54
Dividends	22	–	–

Section VIII Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

Condensed Consolidated Interim Statement of Comprehensive Income

Note	Accumulated in June 2016 RMB'000 (Unaudited)	Accumulated in June 2015 RMB'000 (Unaudited)
Profit for the period	1,457,178	1,217,882
Other comprehensive income/(loss): <i>Items that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	94,904	-5,684
Other comprehensive income/(loss) for the period, net of tax	94,904	-5,684
	1,552,082	1,212,198
Total comprehensive income for the period		
Total comprehensive income attributable to:		
Equity holders of the Company	1,551,380	1,209,575
Non-controlling interests	702	2,623
Total comprehensive income for the period	1,552,082	1,212,198

Section VIII Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

Condensed Consolidated Interim Statement of Changes in Equity

Note	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, 2016	2,508,618	6,202,553	1,098,091	6,614,026	16,423,288	6,439	16,429,727
Comprehensive income:							
Profit for the period				1,456,476	1,456,476	702	1,457,178
Other comprehensive income:							
Currency translation differences – the Group			94,904		94,904		94,904
Total comprehensive income			94,904	1,456,476	1,551,380	702	1,552,082
Transactions with equity holders:							
Dividends declared for 2015				-1,881,463	-1,881,463		-1,881,463
Total transaction with equity holders, recognised directly in equity				-1,881,463	-1,881,463		-1,881,463
As at June 30, 2016	2,508,618	6,202,553	1,192,995	6,189,039	16,093,205	7,141	16,100,346

Section VIII Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

Condensed Consolidated Interim Statement of Changes in Equity (Continued)

Note	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, 2015	2,002,986	184,347	873,803	5,752,510	8,813,646	4,320	8,817,966
Comprehensive income:							
Profit for the period				1,215,259	1,215,259	2,623	1,217,882
Other comprehensive income:							
Currency translation differences – the Group			-5,684		-5,684		-5,684
Total comprehensive income			-5,684	1,215,259	1,209,575	2,623	1,212,198
Transactions with equity holders:							
Proceeds from issuance of shares	505,632	6,010,191			6,515,823		6,515,823
Dividends declared for 2014				-1,502,239	-1,502,239		-1,502,239
Others			-1		-1		-1
Total transaction with equity holders, recognised directly in equity	505,632	6,010,191	-1	-1,502,239	5,013,583		5,013,583
As at June 30, 2015	2,508,618	6,194,538	868,118	5,465,530	15,036,804	6,943	15,043,747

Section VIII Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

Condensed Consolidated Interim Cash Flow Statement

Note	Accumulated in June 2016 RMB'000 (Unaudited)	Accumulated in June 2015 RMB'000 (Unaudited)
Cash flow from operating activities		
Cash generated from operations	1,852,839	1,556,567
Income taxes paid	-397,411	-255,718
	1,455,428	1,300,849
Cash flow from investing activities		
Proceeds from disposal of property, plant and equipment	21,470	38,979
Purchases of property, plant and equipment	-1,850,127	-1,384,224
Purchases of leasehold land and land use rights	-10,702	-14,366
Purchase of intangible assets	-4,147	-6,893
Cash received in connection with the sales of a subsidiary	101,103	
Cash received from disposal of joint ventures		52,793
Interest received	28,705	9,716
Dividends received		75,784
(Increase)/decrease in restricted cash	951	-2,960
Government grants received relating to property, plant and equipment	6,500	
	-1,706,247	-1,231,171
Cash flow from financing activities		
Proceeds from issuance of ordinary shares		6,554,491
Proceeds from borrowings	6,025,484	4,298,410
Repayments of borrowings	-2,898,286	-3,979,862
Dividends paid to the Company's shareholders	-1,440,250	-1,502,240
Interest paid	-82,217	-122,044
	1,604,731	5,248,755
Exchange gains/(losses) on cash and cash equivalents	130,003	
Net increase/(decrease) in cash and cash equivalents	1,483,915	5,318,433
Cash and cash equivalents at the beginning of the period	5,906,233	499,325
	7,390,148	5,817,758
Cash and cash equivalents at the end of the period		
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents as stated in the consolidated balance sheets	7,390,027	5,817,626
Add: Cash and cash equivalents attributable to the disposal groups	121	132
	7,390,148	5,817,758
Cash and cash equivalents as stated in the consolidated cash flow statement		

Section VIII 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 14 April 1987 as a sino-foreign equity joint venture. On 21 June 1992, the Company was converted into a sino-foreign joint stock company with limited liability under the PRC Company Law and was renamed as Fuyao Glass Industry Group Co., Ltd. (福耀玻璃工業集團股份有限公司).

The Company's shares have been listed on both the SSE ("A shares") and the Hong Kong Stock Exchange ("H shares"). As at June 30, 2016, the Company had 2,002,986,332 A shares and 505,631,200 H shares in total, among which, Mr. Cho Tak Wong (曹德旺), the single largest shareholder, held (directly and indirectly through Sanyi Development Ltd. and Home Bridge Overseas Ltd.) 16.06% equity interests in the Company. Together with the 1.37% equity interests in the Company held by his spouse Ms. Chan Fung Ying, Mr. Cho Tak Wong was deemed to directly and indirectly hold 17.43% equity interests in the Company in total.

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 as at 27 August 2016.

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 31 December 2015.

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

New standard, amendments and improvements of IFRSs adopted by the Group in 2016:

- IFRS 14 "Regulatory Deferral Accounts"
- Amendment to IAS 27 "Equity method in separate financial statements"
- Amendment to IFRS 11 "Accounting for acquisitions of interests in joint operations"
- Amendments to IAS 16 and IAS 38 "Clarification of acceptable methods of depreciation and amortisation"
- Annual improvements 2014, affecting the following 4 standards: IFRS 5 "Non-current assets held for sale and discontinued operations", IFRS 7 "Financial instruments: Disclosures", IAS 19 "Employee benefits" and IAS 34 "Interim financial reporting"

Section VIII Financial Report

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

2. Accounting Policies *(Continued)*

New standard, amendments and improvements of IFRSs adopted by the Group in 2016: *(Continued)*

- Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment entities: applying the consolidation exception”
- Amendments to IAS 1 “Disclosure initiative”

The adoption of the above new standard, amendments and improvements starting from January 1, 2016 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, 2016.

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, 2016.

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 minimise 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 2015.

Section VIII Financial Report

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

3. Financial Risk Management (*Continued*)

3.2 Liquidity Risk

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

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity 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.

Group	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
As at June 30, 2016				
Borrowings, including interest payables	7,022,526	872,457	51,844	7,946,827
Derivative financial instruments	3,318	–	–	3,318
Financial liabilities included in trade payables and other payables	2,622,713	–	–	2,622,713
	9,648,557	872,457	51,844	10,572,858
As at December 31, 2015				
Borrowings, including interest payables	3,964,730	811,667	52,547	4,828,944
Derivative financial instruments	925	–	–	925
Financial liabilities included in trade payables and other payables	2,461,953	–	–	2,461,953
	6,427,608	811,667	52,547	7,291,822

Section VIII 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 31 December 2015 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices (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, 2016				
Liabilities				
Derivative financial assets				
– forward foreign exchange contract	–	1,026	–	1,026
– short call on foreign exchange	–	2,292	–	2,292
	<u>–</u>	<u>3,318</u>	<u>–</u>	<u>3,318</u>
As at December 31, 2015				
Liabilities				
Derivative financial assets				
– forward foreign exchange contract	–	825	–	825
– short call on foreign exchange	–	100	–	100
	<u>–</u>	<u>925</u>	<u>–</u>	<u>925</u>

Section VIII Financial Report

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

3. Financial Risk Management (*Continued*)

3.3 Fair Value Estimation (*Continued*)

(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.

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

Section VIII Financial Report

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

4. Critical Accounting Estimates and Judgements

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

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

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

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

(b) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. 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 of a reasonably possible change in a key assumption on which management has based its determination of the CGU's recoverable amount occurs.

(c) Net realisable value of inventories

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

Section VIII Financial Report

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

4. Critical Accounting Estimates and Judgements (*Continued*)

(d) Current and deferred income tax

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

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

(e) Impairment of receivables

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

(f) Impairment of non-financial assets

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

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

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

5. Segment Information

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

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

6. Property, Plant and Equipment

For the six-month period ended June 30, 2016

Opening net book amount as at January 1, 2016

Transfer
Other additions
Disposals
Depreciation
Currency translation difference
Closing net book amount as at June 30, 2016

	Buildings and freehold land RMB'000	Machinery and equipment RMB'000	Electronic and office equipment RMB'000	Tools, dies, vehicles and others RMB'000	Construction in progress RMB'000	Total RMB'000
Opening net book amount as at January 1, 2016	2,680,894	4,450,069	542,823	290,176	2,842,567	10,806,529
Transfer	329,314	1,014,744	90,167		-1,434,225	
Other additions	45,759	102,096	79,797	110,092	1,395,964	1,733,708
Disposals	-2,275	-20,168	-16,859	-3,126		-42,428
Depreciation	-92,807	-332,336	-75,214	-76,418		-576,775
Currency translation difference	45,846	28,577	848	153	54,505	129,929
Closing net book amount as at June 30, 2016	3,006,731	5,242,982	621,562	320,877	2,858,811	12,050,963

For the six-month period ended June 30, 2015

Opening net book amount as at January 1, 2015

Transfer
Other additions
Disposals
Depreciation
Currency translation difference
Closing net book amount as at June 30, 2015

	Buildings and freehold land RMB'000	Machinery and equipment RMB'000	Electronic and office equipment RMB'000	Tools, dies, vehicles and others RMB'000	Construction in progress RMB'000	Total RMB'000
Opening net book amount as at January 1, 2015	2,603,371	3,565,380	434,592	236,942	1,982,261	8,822,546
Transfer	34,103	558,527	50,190		-642,820	
Other additions	86,911	49,145	54,704	84,267	1,091,957	1,366,984
Disposals	-4,097	-29,547	-22,658	-526		-56,828
Depreciation	-81,973	-267,259	-61,629	-60,260		-471,121
Currency translation difference	396	86	-197	-2		283
Closing net book amount as at June 30, 2015	2,638,711	3,876,332	455,002	260,421	2,431,398	9,661,864

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (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,	
	2016 RMB'000	2015 RMB'000
Opening net book amount	1,067,429	874,692
Currency translation difference	287	-5
Additions	10,702	14,366
Disposals	-17,832	
Amortisation charges	-12,085	-10,056
Closing net book value	<u>1,048,501</u>	<u>878,997</u>

8. Intangible Assets

	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, 2016						
Opening net book amount as at January 1, 2016	74,678	6,063	42,666	18,096	12,409	153,912
Currency translation difference			813	161	20	994
Additions				4,147		4,147
Disposals				-245		-245
Amortisation charges		-1,102	-1,666	-4,544	-1,481	-8,793
Closing net book amount as at June 30, 2016	<u>74,678</u>	<u>4,961</u>	<u>41,813</u>	<u>17,615</u>	<u>10,948</u>	<u>150,015</u>
For the six-month period ended June 30, 2015						
Opening net book amount as at January 1, 2015	74,678	8,393	41,472	14,852	17,482	156,877
Currency translation difference			-32	-546	-136	-714
Additions				6,893		6,893
Disposals					-1,125	-1,125
Amortisation charges		-1,178	-526	-2,538	-1,729	-5,971
Closing net book amount as at June 30, 2015	<u>74,678</u>	<u>7,215</u>	<u>40,914</u>	<u>18,661</u>	<u>14,492</u>	<u>155,960</u>

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

9. Investments in Joint Ventures

	For the period ended June 30,	
	2016	2015
	RMB'000	<i>RMB'000</i>
Opening balance	46,449	161,045
Disposal of joint ventures		-34,571
Dividends received		-75,784
Share of results	1,882	2,884
Closing balance	48,331	53,574

10. 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	Deferred income tax liabilities
	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2016	204,649	92,583
Recognised in the consolidated income statement As at June 30, 2016	3,059	2,017
	207,708	94,600
As at January 1, 2015	189,318	73,755
Recognised in the consolidated income statement As at June 30, 2015	-6,236	7,012
	183,082	80,767

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

11. Trade and Other Receivables

	As at June 30, 2016 RMB'000	As at December 31, 2015 RMB'000
Trade receivables due from third parties		
Notes receivables	924,317	569,748
Trade receivables	2,692,614	2,758,178
Less: provision for impairment	-33	-32
Trade receivables – net	3,616,898	3,327,894
Other receivables due from third parties		
Other receivables	89,855	73,501
Less: provision for impairment		
Other receivables – net	89,855	73,501
Amount due from related parties <i>(Note 24(3))</i>		
Trade receivables	119,491	4,259
Other receivables	3,262	170
	122,753	4,429
Others:		
Prepayments	142,866	178,812
Prepaid current income tax and value-added tax recoverable and refundable	196,116	198,943
	338,982	377,755
Trade and other receivables – net	4,168,488	3,783,579

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

11. Trade and Other Receivables (Continued)

- (1) 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 as at June 30, 2016 and December 31, 2015 was as follows:

	As at June 30, 2016 RMB'000	As at December 31, 2015 RMB'000
Trade receivables – gross		
– Within 3 months	3,074,244	2,947,352
– 3 to 6 months	495,464	347,466
– 6 to 12 months	36,272	24,990
– Over 1 year	10,951	8,118
	3,616,931	3,327,926

12. Assets and Liabilities of Disposal Group Classified as Held-for-Sale

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

As at June 30, 2016, Jinyuan Glass has paid RMB95,000,000 to the Group and the remaining is expected to be settled in 2016.

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

12. Assets and Liabilities of Disposal Groups Classified as Held-for-Sale *(Continued)*

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

	As at June 30, 2016 RMB'000	As at December 31, 2015 RMB'000
Land use rights	10,369	10,501
Property, plant and equipment	172,036	189,957
Intangible assets	7	230
Deferred income tax assets	45	80
Inventories	45,540	117,730
Trade and other receivables	855	895
Cash and cash equivalents	121	1,075
	228,973	320,468

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

	As at June 30, 2016 RMB'000	As at December 31, 2015 RMB'000
Trade and other payables	6,812	9,552
	6,812	9,552

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

13. Share Capital

	Number of A shares Thousands	Number of H shares Thousands	A shares of RMB1 each RMB'000	H shares of RMB1 each RMB'000	Total shares capital RMB'000
Issued and fully paid As at June 30, 2016 and as at January 1, 2016	<u>2,002,986</u>	<u>505,632</u>	<u>2,002,986</u>	<u>505,632</u>	<u>2,508,618</u>
	Number of A shares Thousands	Number of H shares Thousands	A shares of RMB1 each RMB'000	H shares of RMB1 each RMB'000	Total shares capital RMB'000
Issued and fully paid As at January 1, 2015	<u>2,002,986</u>	<u> </u>	<u>2,002,986</u>	<u> </u>	<u>2,002,986</u>
Issue of H Shares ⁽¹⁾ As at June 30, 2015	<u>2,002,986</u>	<u>505,632</u>	<u>2,002,986</u>	<u>505,632</u>	<u>505,632</u>
	<u>2,002,986</u>	<u>505,632</u>	<u>2,002,986</u>	<u>505,632</u>	<u>2,508,618</u>

- (1) On March 31, 2015, 439,679,600 overseas listed foreign shares (H shares) issued by the Company were listed on the Main Board of the Hong Kong Stock Exchange and dealing in such H shares commenced on the same day. On April 28, 2015, 65,951,600 overseas listed foreign shares (H shares) over-allotted by the Company were listed on the Main Board of the Hong Kong Stock Exchange and dealing in such H shares commenced on the same day. Upon the completion of this over-allotment, the total share capital of the Company was increased to 2,508,617,532 shares.

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

14. Share Premium and Other Reserves

	Share premium RMB'000	Statutory reserves RMB'000	Other reserves foreign currency translation differences RMB'000	Capital reserve RMB'000	Total RMB'000
As at January 1, 2016	6,202,553	1,343,079	-271,367	26,379	7,300,644
Foreign currency translation differences			94,904		94,904
As at June 30, 2016	<u>6,202,553</u>	<u>1,343,079</u>	<u>-176,463</u>	<u>26,379</u>	<u>7,395,548</u>
As at January 1, 2015	184,347	1,102,138	-253,815	25,480	1,058,150
Issue of H Shares	6,010,191				6,010,191
Foreign currency translation differences			-5,684		-5,684
Disposal of joint ventures				-1	-1
As at June 30, 2015	<u>6,194,538</u>	<u>1,102,138</u>	<u>-259,499</u>	<u>25,479</u>	<u>7,062,656</u>

15. Borrowings

	As at June 30, 2016 RMB'000	As at December 31, 2015 RMB'000
Non-current	905,000	848,000
Current	6,947,992	3,871,051
Total borrowings	<u>7,852,992</u>	<u>4,719,051</u>

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

15. Borrowings (Continued)

Movement in borrowings is analysed as follows:

Six-month period ended June 30, 2016

Opening net book amount as at January 1, 2016	4,719,051
Additions	6,032,227
Deduction	-2,898,286
Closing net book amount as at June 30, 2016	<u>7,852,992</u>

Six-month period ended June 30, 2015

Opening net book amount as at January 1, 2015	4,548,185
Additions	4,315,979
Deduction	-3,989,896
Closing net book amount as at June 30, 2015	<u>4,874,268</u>

16. Deferred Income on Government Grants

	As at June 30, 2016 RMB'000	As at December 31, 2015 RMB'000
Current portion	17,643	18,515
Non-current portion	<u>368,533</u>	<u>368,472</u>
	<u>386,176</u>	<u>386,987</u>

	2016 RMB'000	2015 RMB'000
At beginning of the period	386,987	349,967
Currency translation differences	632	
Government grants received during the period ⁽¹⁾	6,500	
Credited to the consolidated income statement	<u>-7,943</u>	<u>-7,062</u>
At end of the period	<u>386,176</u>	<u>342,905</u>

(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.

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

17. Trade and Other Payables

	As at June 30, 2016 RMB'000	As at December 31, 2015 RMB'000
Payables to third parties	943,647	834,815
Notes payable	410,947	460,160
Dividends payables	379,223	
Payables for purchasing of property, plant and equipment	375,021	369,553
Staff salaries and welfare payables	240,437	353,760
Accrued taxes other than income tax	143,819	73,202
Amount due to related parties <i>(Note 24(3))</i>	98,626	78,336
Advance from customers	22,484	33,985
Interest payables	6,878	22,643
Other payables and accruals	794,473	714,216
	3,415,555	2,940,670

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

	As at June 30, 2016 RMB'000	As at December 31, 2015 RMB'000
– Within 3 months	1,095,335	1,056,806
– 3 to 6 months	230,085	214,665
– 6 to 12 months	19,036	11,096
– over 1 year	10,138	12,408
	1,354,594	1,294,975

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

18. Other Gains/(Losses) – Net

	For the period ended June 30,	
	2016 RMB'000	2015 RMB'000
Exchange gains/(losses) – net	203,920	-5,672
Donation	-177	-42,904
Loss on disposal of property, plant and equipment	-4,999	-17,848
Changes in fair value of the derivative financial instruments	-201	4,486
Gain on disposal of joint ventures (Note 1)	184	
Gain on disposal of joint ventures		18,222
Others	1,132	12,800
	199,859	-30,916

Note: In accordance with the strategic development plans of the Company, with the purpose of further centralizing resources for development of the core business – automobile glass, promotion of structure adjustment and optimizing of the assets of the Company, the Company and Fujian Wanda (a wholly-owned subsidiary of the Company) and Fujian Triplex Industrial Development Co., Ltd. entered into the Equity Transfer Agreement of Fuzhou Fuyao Mold Technology Co., Ltd. on March 19, 2016, pursuant to which the Company and Fujian Wanda have transferred a total of 100% of equity interests in Fuzhou Mold to Fujian Triplex. Fuzhou Mold completed the business registration procedures of the above equity transfer as at March 31, 2016.

19. Operating Profit

	For the period ended June 30,	
	2016 RMB'000	2015 RMB'000
The following items have been charged to the operating profit during the period:		
Employee benefit expenses	1,339,133	956,916
Depreciation of property, plant and equipment (Note 6)	576,775	471,121
Transportation and storage expenses	185,564	235,013
Packing expenses	150,082	146,155
Amortisation of leasehold land and land use rights (Note 7)	12,085	10,056
Amortisation of intangible assets (Note 8)	8,793	5,971
Reversal of inventories to net realisable value	-60	-527

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

20. Income Tax Expense

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

	For the period ended June 30,	
	2016	2015
	RMB'000	RMB'000
Current income tax	322,781	86,676
Deferred income tax <i>(Note 10)</i>	-1,042	13,248
Income tax expense	321,739	99,924

(1) PRC corporate income tax

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

Certain subsidiaries are qualified for new/high-tech technology enterprises status or Chinese western development enterprises status and enjoyed preferential income tax rate of 15% during the year.

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

20. Income Tax Expense *(Continued)*

(2) 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 Relevant Periods.

(3) North American profits tax

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

(4) Russian profits tax

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

(5) German profits tax

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

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 11% to 40% applicable as follows:

	For the period ended June 30,	
	2016	2015
	RMB'000	RMB'000
Profit before tax	1,778,917	1,317,806
Tax calculated at the applicable income tax rate	447,841	208,107
Tax effect of:		
Expenses not deductible for tax purpose	178	78
Income not subject to income tax	-1,882	-7,757
Preferential income tax rate	-186,314	-111,172
Unrecognised tax losses carried forward	88,192	53,504
Utilisation of previously unrecognised tax losses	-3,596	-14,726
Withholding taxation on unremitted earnings of certain subsidiaries	1,850	
Others	-24,530	-28,110
Income tax expense	321,739	99,924

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

21. Earnings per Share

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

	For the period ended June 30,	
	2016	2015
Net profit attributable to the equity holders of the Company <i>(RMB'000)</i>	1,456,476	1,215,259
Weighted average number of ordinary shares in issue <i>(thousand)</i>	2,508,618	2,244,810
Basic earnings per share <i>(RMB)</i>	0.58	0.54

- (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.

22. Dividends

	For the period ended June 30,	
	2016	2015
	RMB'000	RMB'000
Dividends proposed by the Company	0	0

For the six-month period ended June 30, 2016 and 2015, no interim dividend was proposed by the directors of the Company.

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

23. Commitments

(1) Capital commitments

As at June 30, 2016 and December 31, 2015, capital expenditure contracted for but not yet performed is as follows:

	As at June 30, 2016 RMB'000	As at December 31, 2015 RMB'000
Property, plant and equipment	1,364,002	1,465,948

(2) Operating lease commitments

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

	As at June 30, 2016 RMB'000	As at December 31, 2015 RMB'000
No later than 1 year	21,572	21,572
Later than 1 year and no later than 2 year	21,572	21,572
Later than 2 year and no later than 5 year	10,786	21,572
	53,930	64,716

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (*Continued*)

24. Related Party Transactions

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

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business and balances arising from related party transactions during the period ended June 30, 2016 and 2015:

(1) Name and relationship with related parties

Name of related party	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 the Mr. Cho Tak Wong and Ms. Chan Fung Ying (the spouse of Mr. Cho Tak Wong)
Sanyi Development Ltd. (三益發展有限公司)	Shareholder of the Company, which is controlled by the single largest shareholder
Home Bridge Overseas Ltd. (鴻橋海外有限公司)	Shareholder of the Company, which is controlled by the single largest shareholder
Tri-Wall Packaging (Fuzhou) Co., Ltd. (特耐王包裝(福州)有限公司)	Jointly controlled entity of the Group
Ningbo Hongxie Clutch Automobile Parts Co., Ltd. (寧波宏協承汽車部件有限公司)	Former jointly controlled entity of the Group
Fujian Hongxie Clutch Automobile Parts Co., Ltd. (福建宏協承汽車部件有限公司)	Former jointly controlled entity of the Group
Chongqing Hongxie Clutch Automobile Parts Co., Ltd. (重慶宏協承汽車部件有限公司)	Subsidiary of a former jointly controlled entity of the Group
Hubei Jierui Automotive Glass Co., Ltd. (湖北捷瑞汽車玻璃有限公司)	Controlled by the senior management of the Group
Hunan Jierui Automotive Glass Co., Ltd. (湖南捷瑞汽車玻璃有限公司)	Controlled by the senior management of the Group
Fujian Triplex Machinery Technology Co., Ltd. (福建三鋒機械科技有限公司)	Controlled by the director of the Group
Fujian Triplex Auto Parts Development Co., Ltd. (福建三鋒汽配開發有限公司)	Controlled by the director of the Group
Fujian Triplex Auto Services Co., Ltd. (福建三鋒汽車服務有限公司)	Controlled by the director of the Group
Fuzhou Fuyao Mold Technology Co., Ltd. (福州福耀模具科技有限公司)	Controlled by the director of the Group

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

24. Related Party Transactions *(Continued)*

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

Continuing transactions

(a) Sales of goods

	For the period ended June 30,	
	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Fujian Triplex Auto Services Co., Ltd.	100,622	
Hubei Jierui Automotive Glass Co., Ltd.	4,161	7,359
Fujian Hongxie Clutch Automobile Parts Co., Ltd.	1,825	9,939
Tri-Wall Packaging (Fuzhou) Co., Ltd.	1,455	1,821
Fujian Triplex Auto Parts Development Co., Ltd.	1,286	
Hunan Jierui Automotive Glass Co., Ltd.	1,075	881
Fujian Triplex Machinery Technology Co., Ltd.	76	
Fuzhou Fuyao Mold Technology Co., Ltd.	111	
Chongqing Hongxie Clutch Automobile Parts Co., Ltd.		123
	<u>110,611</u>	<u>20,123</u>

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

24. Related Party Transactions *(Continued)*

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

Continuing transactions *(Continued)*

(b) Purchase of goods

	For the period ended June 30,	
	2016 RMB'000	2015 RMB'000
Ningbo Hongxie Clutch Automobile Parts Co., Ltd.	58,904	50,811
Tri-Wall Packaging (Fuzhou) Co., Ltd.	52,002	65,421
Fujian Triplex Machinery Technology Co., Ltd.	45,789	
Fuzhou Fuyao Mold Technology Co., Ltd.	40,088	
Fujian Hongxie Clutch Automobile Parts Co., Ltd.	31,406	49,466
Chongqing Hongxie Clutch Automobile Parts Co., Ltd.	13,435	11,961
Fujian Triplex Auto Parts Development Co., Ltd.	6,524	
	248,148	177,659

(c) Rental income

	For the period ended June 30,	
	2016 RMB'000	2015 RMB'000
Fujian Triplex Machinery Technology Co., Ltd.	817	
Fujian Triplex Auto Parts Development Co., Ltd.	711	
Chongqing Hongxie Clutch Automobile Parts Co., Ltd.		29
Fujian Hongxie Clutch Automobile Parts Co., Ltd.		4,442
Tri-Wall Packaging (Fuzhou) Co., Ltd.		66
	1,528	4,537

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

24. Related Party Transactions *(Continued)*

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

Continuing transactions *(Continued)*

(d) Rental expenses

	For the period ended June 30,	
	2016 RMB'000	2015 RMB'000
Fujian Yaohua Industrial Village Development Co., Ltd.	10,786	8,651

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.

(e) Key management compensation

	For the period ended June 30,	
	2016	2015
Salaries, wages and bonuses	19,104	13,895
Pension, housing fund, medical insurance and other social insurance	328	240
Others	131	127
	19,563	14,262

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

24. Related Party Transactions (Continued)

(3) Balances with related parties:

Amount due from related parties:

	As at June 30, 2016 RMB'000	As at December 31, 2015 RMB'000
Accounts receivables (i)	119,491	4,259
Other receivables (ii)	3,262	170
Prepayments (iii)	8,213	2,843
	130,966	7,272

(i) Trade receivables:

	As at June 30, 2016 RMB'000	As at December 31, 2015 RMB'000
– Fujian Triplex Auto Services Co., Ltd.	117,797	
– Fujian Hongxie Clutch Automobile Parts Co., Ltd.	1,255	2,466
– Hubei Jierui Automotive Glass Co., Ltd.		1,475
– Fujian Triplex Auto Parts Development Co., Ltd.	439	185
– Hunan Jierui Automotive Glass Co., Ltd.		131
– Fujian Triplex Machinery Technology Co., Ltd.		2
	119,491	4,259

	As at June 30, 2016 RMB'000	As at December 31, 2015 RMB'000
Ageing analysis of trade receivables due from related parties are as follows:		
– Within 3 months	119,491	4,259
– 3 to 6 months		
	119,491	4,259

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

24. Related Party Transactions *(Continued)*

(3) Balances with related parties: *(Continued)*

(ii) Other receivables:

	As at June 30, 2016 RMB'000	As at December 31, 2015 RMB'000
– Fujian Triplex Machinery Technology Co., Ltd.	1,845	
– Fujian Triplex Auto Parts Development Co., Ltd.	860	1
– Tri-Wall Packaging (Fuzhou) Co., Ltd.	278	88
– Ningbo Hongxie Clutch Automobile Parts Co., Ltd.	191	49
– Fuzhou Fuyao Mold Technology Co., Ltd.	83	
– Fujian Hongxie Clutch Automobile Parts Co., Ltd.	5	32
	3,262	170

(iii) Prepayment:

	As at June 30, 2016 RMB'000	As at December 31, 2015 RMB'000
– Fujian Triplex Machinery Technology Co., Ltd.	8,213	2,843
	8,213	2,843

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

24. Related Party Transactions (Continued)

(3) Balances with related parties: (Continued)

Amount due to related parties:

	As at June 30, 2016 RMB'000	As at December 31, 2015 RMB'000
Trade payables (iv)	82,498	74,298
Other payables (v)	16,128	4,038
	98,626	78,336

(iv) Trade payables:

	As at June 30, 2016 RMB'000	As at December 31, 2015 RMB'000
– Fujian Triplex Machinery Technology Co., Ltd.	33,639	4,172
– Ningbo Hongxie Clutch Automobile Parts Co., Ltd.	21,273	36,996
– Fujian Hongxie Clutch Automobile Parts Co., Ltd.	15,527	17,859
– Chongqing Hongxie Clutch Automobile Parts Co., Ltd.	5,704	6,858
– Tri-Wall Packaging (Fuzhou) Co., Ltd.	3,610	8,413
– Fujian Triplex Auto Parts Development Co., Ltd.	2,447	
– Fuzhou Fuyao Mold Technology Co., Ltd.	298	
	82,498	74,298

Section VIII Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

24. Related Party Transactions *(Continued)*

(3) Balances with related parties: *(Continued)*

(iv) Trade payables: *(Continued)*

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

	As at June 30, 2016 RMB'000	As at December 31, 2015 RMB'000
– Within 3 months	77,135	69,680
– 3 to 6 months	5,028	1,264
– 6 to 12 months	335	3,354
	82,498	74,298

(v) Other payables to related parties:

	As at June 30, 2016 RMB'000	As at December 31, 2015 RMB'000
– Fuzhou Fuyao Mold Technology Co., Ltd.	11,110	
– Ningbo Hongxie Clutch Automobile Parts Co., Ltd.	3,657	2,995
– Fujian Triplex Machinery Technology Co., Ltd.	1,361	158
– Fujian Hongxie Clutch Automobile Parts Co., Ltd.		787
– Tri-Wall Packaging (Fuzhou) Co., Ltd.		98
	16,128	4,038