



福耀玻璃工业集团股份有限公司

FUYAO GLASS INDUSTRY GROUP CO., LTD.

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

Stock Code: 3606

2023 INTERIM REPORT



IMPORTANT NOTICE

- I. The Board of Directors, the Board of Supervisors and the directors, supervisors and senior management members of the Company warrant that the content of this interim report is true, accurate and complete and does not contain any false representations, misleading statements or material omissions, and severally and jointly accept legal responsibility thereof.
- II. All the directors of the Company have attended the Board meeting.
- III. In this interim report, the financial data for the six months ended June 30, 2022 and the six months ended June 30, 2023 are unaudited, but the data for the year ended December 31, 2022 have been audited.
- IV. Cho Tak Wong, the person-in-charge of the Company, Chen Xiangming, the person-in-charge of accounting and Qiu Yongnian, the head of the accounting department (in charge of accounting), warrant the truthfulness, accuracy and completeness of the financial report in this interim report.
- V. Plan for profit distribution or conversion of capital reserves into share capital as approved by the Board by way of resolution during the Reporting Period

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

- VI. Risks disclaimer of the forward-looking statements

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

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

No

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

No

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

No

- X. Material risk alert

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

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Section I Definitions

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

DEFINITIONS OF COMMON TERMS

PRC, China	the People's Republic of China
CSRC	China Securities Regulatory Commission
SSE	the Shanghai Stock Exchange
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Company, the Company, Listed Company, Fuyao Glass, Fuyao	Fuyao Glass Industry Group Co., Ltd.
Group, the Group	Fuyao Glass Industry Group Co., Ltd. and its subsidiaries
Board of Directors	the board of directors of the Company
Board of Supervisors	the board of supervisors of the Company
RMB, RMB1,000, RMB10,000 and RMB100 million	Renminbi 1 Yuan, Renminbi 1,000 Yuan, Renminbi 10,000 Yuan, Renminbi 100 million Yuan, the lawful currency in circulation in the PRC. Unless otherwise specified, amounts stated in this report are denominated in RMB
PVB	polyvinyl butyral
OEM, ancillary business	automotive glass and services used in new vehicles of automobile factories
ARG, spare parts and component business	used in aftermarket repairing glass, a kind of automotive glass that is produced for replacement purposes for aftermarket suppliers
laminated glass	automotive safety glass made by two or more than two layers of automobile grade float glass bonded with a layer or various layers of PVB
tempered glass	automotive safety glass made by heating automotive grade float glass to a certain temperature, then promptly cooling it down evenly after being shaped
float glass	the glass produced by applying float technology
Reporting Period	the six months from January 1, 2023 to June 30, 2023

Section II Corporate Profile and Principal Financial Indicators

I. COMPANY INFORMATION

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

II. CONTACT PERSON AND CONTACT METHODS

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

III. CHANGES IN BASIC INFORMATION

Registered address of the Company	Fuyao Industrial Zone, Rongqiao Economic & Technological Development Zone, Fuqing City, Fujian Province
Historical changes in the registered address of the Company	Nil
Office address of the Company	District II of Fuyao Industrial Zone, Fuqing City, Fujian Province
Postal code of the office address of the Company	350301
Website of the Company	http://www.fuyaogroup.com
E-mail	600660@fuyaogroup.com
Query index of changes during the Reporting Period	Nil
Principal place of business in Hong Kong	Room 1907, Shun Tak Centre, West Tower, 200 Connaught Road Central, Central, Hong Kong
Custodian of A shares	Shanghai Branch of China Securities Depository and Clearing Corporation Limited
Business address	Level 3, China Insurance Building, 166 East Lujiazui Road, Pudong New District, Shanghai
H share registrar	Computershare Hong Kong Investor Services Limited
Business address	Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

Section II Corporate Profile and Principal Financial Indicators

IV. CHANGES IN INFORMATION DISCLOSURE AND PLACE OF INSPECTION

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

V. INFORMATION ON THE COMPANY'S SHARES

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

VI. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Key accounting data

Unit: '000 Currency: RMB

Key accounting data	During the Reporting Period (January – June) (Unaudited)	Corresponding period last year (Unaudited)	Increase/decrease of the Reporting Period as compared with the corresponding period last year (%)
Revenue	15,031,259	12,903,699	16.49
Profit for the Reporting Period attributable to owners of the Company	2,835,951	2,381,629	19.08
Profit for the Reporting Period attributable to owners of the Company, net of non-recurring profit or loss (<i>Note</i>)	2,792,915	2,310,303	20.89
Net cash generated from operating activities	2,818,087	2,868,144	-1.75

Section II Corporate Profile and Principal Financial Indicators

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

(I) Key accounting data (Continued)

Unit: '000 Currency: RMB

	At the end of the Reporting Period (Unaudited)	At the end of last year (Audited)	Increase/decrease at the end of the Reporting Period as compared with the end of last year (%)
Equity attributable to owners of the Company	28,805,845	29,013,638	-0.72
Total assets	55,408,269	50,778,126	9.12

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

(II) Key financial indicators

Key accounting data	During the Reporting Period (January – June) (Unaudited)	Corresponding period last year (Unaudited)	Increase/decrease of the Reporting Period as compared with the corresponding period last year (%)
Basic earnings per share (RMB/share)	1.09	0.91	19.78
Diluted earnings per share (RMB/share)	1.09	0.91	19.78
Return on equity (%)	9.85	8.97	0.88

Section II Corporate Profile and Principal Financial Indicators

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

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

Unit: '000 Currency: RMB

	Profit for the Reporting Period attributable to owners of the Company		Equity attributable to owners of the Company	
	Amount for the Reporting Period (Unaudited)	Amount for the corresponding period of last year (Unaudited)	Amount at the end of the Reporting Period (Unaudited)	Amount at the beginning of the Reporting Period (Audited)
Prepared in accordance with the China Accounting Standards for Business Enterprises	2,836,242	2,381,899	28,795,508	29,003,010
Adjustments to items and amounts in accordance with the International Financial Reporting Standards: Reversal of impairment for buildings and land use rights and the discrepancies between corresponding depreciation and amortization	-291	-270	10,337	10,628
Prepared in accordance with the International Financial Reporting Standards	2,835,951	2,381,629	28,805,845	29,013,638

Section II Corporate Profile and Principal Financial Indicators

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

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

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

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

Unit: Yuan Currency: RMB

	January – June 2023 (Unaudited)
Non-recurring profit or loss items	
Profit or loss from disposal of non-current assets	-35,139,192
Government subsidies recorded under current profit or loss, other than those closely related to the normal business operations of the Company and subject to a fixed amount or quantity under certain standards required by national policies	87,979,449
Profit or loss from changes in fair value of held-for-trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities, and investment gains from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments, other than effective hedging activities related to the normal business operations of the Company	-2,261,267
Other non-operating income and expenses other than the above items	4,419,448
Less: Effects of income tax	11,436,424
Effects of minority interests (after tax)	233,858
Total	<u>43,328,156</u>

Section III Management Discussion and Analysis

I. INDUSTRY OVERVIEW AND PRINCIPAL BUSINESS DURING THE REPORTING PERIOD

(I) Principal business and business model

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

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

Unit: '000 Currency: RMB

Product	Revenue	Cost of sales	Gross profit margin (%)	Change in revenue as compared with corresponding period last year (%)	Change in cost of sales as compared with corresponding period last year (%)	Change in gross profit margin as compared with corresponding period last year (%)
Automotive glass	13,368,194	9,511,271	28.85	14.22	13.59	0.40
Float glass	2,569,481	1,904,101	25.90	24.85	28.75	-2.24
Others	2,000,880	1,451,618				
Less: Intragroup elimination	-2,907,296	-2,850,300				
Total	<u>15,031,259</u>	<u>10,016,690</u>	<u>33.36</u>	<u>16.49</u>	<u>16.54</u>	<u>-0.03</u>

(II) Industry overview

According to the China Association of Automobile Manufacturers, the automobile production and sales volume from January to June 2023 amounted to 13,248,000 units and 13,239,000 units, representing a year-on-year increase of 9.3% and 9.8%, respectively. As of 2022, China has ranked first in the world for fourteen consecutive years in terms of automobile production and sales volume.

Section III Management Discussion and Analysis

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

(II) Industry overview (Continued)

In the short term, the automobile market is recovering, but its foundation remains unstable. On the one hand, due to the increasing instabilities in the global automobile supply chain, there are uncertainties in the automotive market. On the other hand, along with the income level of residents gradually increasing, the Chinese government has introduced and implemented various policies to promote automobile consumption, such as optimization of the purchase restriction policy, implementation of a new campaign for automobiles to be used in the countryside, like-for-like replacement and extension and optimization of vehicle purchase tax reduction for new-energy automobiles to the end of December 2027 and optimization of and various policies to promote automobile consumption, so that the automobile consumption gradually rebounded and the automobile market was able to make an accelerated recovery.

In the structure of the global automobile industry, the proportion of new automobile production and automobile ownership in developing countries has been increasing, resulting in greater impact. However, the popularity of automobiles is still far behind that of developed countries. The automobile ownership per 100 of the population reached over 50 units in the US, Japan, Germany and other developed countries, while the automobile ownership per 100 of the population in the developing China was only approximately 22 units in 2022. There is still a tremendous gap between China and major developed countries. As compared to China's population, the proportion of middle-income people and per capita GDP, China's automobile consumption still has huge potential. There is still great room for development in the industry that provides accessories for the automobile industry.

At present, “electrification, networking, intelligence and sharing” (new four modernizations) (“電動化、網聯化、智能化、共享化”(新四化)) have become the trend and development of the automotive industry, the automobile market has now entered a new stage of development characterized by diversified demands and an optimized structure, the penetration rate of new energy vehicles has been increasing, and smart vehicles have entered into the stage of common use. The automobile is no longer a simple means of transportation, but is currently transforming into a mobile intelligent terminal. The development of the new four modernizations of automobiles has led to integration of more new technologies into automotive glass. It puts forward new requirements for automotive glass and also provides new opportunities for the development of the automotive glass industry, pushing automotive glass towards the direction of “safety and comfort, energy conservation and environmental friendliness, aesthetics and fashion, and intelligent integration”. The proportion of high value-added products, such as intelligent panoramic roof glass, dimmable glass, head-up display glass and ultra-insulated glass, is constantly increasing. The industry-leading position of Fuyao in terms of technology has brought structural opportunities to the sale of automotive glass of the Company.

Therefore, in the medium to long term, industries supporting the development of the automobile industry still has relatively stable development opportunities.

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

Section III Management Discussion and Analysis

II. ANALYSIS ON THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

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

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

III. DISCUSSION AND ANALYSIS OF OPERATION

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

In the first half of 2023, the global economic slowdown and lingering and severe global inflation are evidenced by the following: further intensified financial contraction in Europe and the US, tightened market liquidity, ascending finance cost coupled with increased credit risk in social sector, restructured global industrial chain and intensified economic downward pressure. Despite the above, the domestic economy and society resumed normal operation, showcasing an upward overall national economy. According to the statistics released by the China Association of Automobile Manufacturers, the automobile production and sales volume in 2023 from January to June was 13,248,000 units and 13,239,000 units, respectively, representing a year on-year increase of 9.3% and 9.8%, respectively.

Section III Management Discussion and Analysis

III. DISCUSSION AND ANALYSIS OF OPERATION (CONTINUED)

For the Reporting Period, the Company, on a consolidated basis, realized revenue of RMB15,031,259,000, representing an increase of 16.49% as compared with the corresponding period last year, which was higher than the level of industry growth; realized the profit before tax of RMB3,319,542,000, representing an increase of 24.36% as compared with the corresponding period last year; realized profit for the Reporting Period attributable to owners of the Company of RMB2,835,951,000, representing an increase of 19.08% as compared with the corresponding period last year; and realized earnings per share of RMB1.09, representing an increase of 19.78% as compared with the corresponding period last year.

During the Reporting Period, the profit before tax increased by 24.36% as compared with the corresponding period of the previous year. Eliminating the impact of the following factors, the profit before tax during the Reporting Period increased by 25.89% year on year:

- (1) during the Reporting Period, the gains from foreign exchange amounted to RMB599,209,000, and the gains from foreign exchange in the corresponding period of the previous year was RMB508,882,000, representing a year-on-year increase of RMB90,327,000 in the profit before tax during the Reporting Period as compared with the corresponding period last year;
- (2) during the Reporting Period, the profit before tax increased by RMB153,084,000 as compared with the corresponding period last year owing to the decrease in costs affected by the reduction in ocean freight rates.
- (3) during the Reporting Period, the profit before tax decreased by RMB114,269,000 as compared with the corresponding period last year owing to the increase in costs affected by the price increase in energy.
- (4) during the Reporting Period, the profit before tax decreased by RMB38,067,000 as compared with the corresponding period last year owing to the increase in costs affected by the price increase in sodium carbonate.

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

1. Focusing on customer needs and enhancing sales efficiency: the Company adhered to the customer-centred approach to create value for customers, improve customer satisfaction and enhance customer stickiness. During the Reporting Period, the Company intensified its market exploration efforts, and outperformed the automotive industry peers in terms of automotive glass revenue, thus enhancing its resistance to market risks.

Section III Management Discussion and Analysis

III. DISCUSSION AND ANALYSIS OF OPERATION (CONTINUED)

2. Strengthening quality management: The Company strictly managed and controlled all aspects of new product development, process control, service quality, supplier quality, among others, and continuously improved the quality management system of all personnel, the whole process, and the whole value chain.
3. Strongly promoting the R&D and landing of new products: during the Reporting Period, the Company accelerated the R&D of new products, technologies and materials, vigorously researched and developed high value-added products with independent intellectual property rights, and continuously upgraded the R&D management capability to improve the R&D efficiency and quality. The proportion of high value-added products such as intelligent panoramic canopy glass, dimmable glass, head-up display glass, super-insulated glass, lightweight ultra-thin glass, film-coated heatable glass, chemical tempered glass, and so on, continued to grow, rising by 10.08 percentage points compared with the corresponding period last year, reflecting their value.
4. Promoting the construction of “digital green factory”: the Company continued to build a green factory, promoting “green supply chain, clean production, utilisation of waste materials as resources and low carbon energy” in an orderly manner, and insisting on the use of information technology, standardization, and digitization as a means to further optimize the industrial structure and energy structure, conserve energy and reduce consumption, and enhance the Company’s comprehensive competitiveness through the construction of IT informatisation and automation.
5. Strengthening team building and laying a solid foundation for development: the Company strengthened the development of talents in various sectors, consistently improving the system of recruiting, cultivating and motivating talents, enhancing the synergy and operational capability among the team, improving the organisational effectiveness and value creation capability, and laying a solid foundation for the development of the Company.

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

Please refer to “III. Discussion and Analysis of Operation” above for details.

Section III Management Discussion and Analysis

IV. KEY OPERATION RESULTS DURING THE REPORTING PERIOD

(I) Analysis on principal business

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

Unit: '000 Currency: RMB

Items	For the Reporting Period	For the same period last year	Percentage Change (%)
Revenue	15,031,259	12,903,699	16.49
Cost of sales	10,016,690	8,594,733	16.54
Distribution costs	678,249	615,215	10.25
Administrative expenses	1,143,637	1,002,616	14.07
Finance costs – net	-135,000	68,482	N/A
Research and development expenses	628,377	557,462	12.72
Income tax expenses	483,270	288,967	67.24
Net cash generated from operating activities	2,818,087	2,868,144	-1.75
Net cash used in investing activities	-2,155,621	-1,118,542	92.72
Net cash generated from financing activities	1,049,639	364,813	187.72

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

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

Reasons for the changes in distribution costs: the increase in distribution costs was mainly due to the increase in revenue, and the corresponding increase in packaging fees, storage fees, distribution fees and other fees.

Reasons for the changes in administrative expenses: the increase in administrative expenses was mainly due to the increase in staff remuneration.

Section III Management Discussion and Analysis

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

(I) Analysis on principal business (Continued)

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

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

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

Reasons for the changes in income tax expenses: the increase in income tax expenses was mainly due to the increase in income tax expenses relating to the increase in profit before tax.

Reasons for the changes in net cash generated from operating activities: the slight year-on-year change in net cash generated from operating activities was mainly due to the increase of revenue, as well as the increase in materials and energy costs and the increase in the payment of employee salaries.

Reasons for the changes in net cash used in investing activities: the increase in net cash used in investing activities was mainly due to the increase in capital expenditures during the Reporting Period.

Reasons for the changes in net cash generated from financing activities: the increase in net cash generated from financing activities was mainly due to the increase in cash reserves and the corresponding increase in borrowings as a result of higher capital expenditures.

Section III Management Discussion and Analysis

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

(II) Analysis on assets and liabilities

1. Assets and liabilities

Unit: '000 Currency: RMB

Item	Closing balance	The percentage of closing balance to the total assets (%)	Closing balance of the previous period	The percentage of closing balance of the previous period to the total assets (%)	Change in the closing balance as compared with the closing balance of the previous period (%)	Explanations
Financial assets at fair value through other comprehensive income	1,574,044	2.84	1,138,128	2.24	38.30	The increase in financial assets at fair value through other comprehensive income was mainly due to the increase in revenue and the corresponding increase in the receipt of bank acceptance notes.
Long-term receivables	–	0.00	316,416	0.62	-100.00	The change in long-term receivables was due to the fact that the payment will be due within one year, and will be transferred to “receivables, prepayments and other current assets” at the end of the Reporting Period for presentation.
Borrowings – non-current liabilities	6,633,000	11.97	3,007,000	5.92	120.59	The increase in borrowings – non-current liabilities was mainly due to the optimization of financing structure and the increase in capital expenditures.
Deferred income tax liabilities	262,423	0.47	199,324	0.39	31.66	The increase in deferred income tax liabilities was mainly due to the temporary increase in taxable fixed assets.

Section III Management Discussion and Analysis

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

(II) Analysis on assets and liabilities (Continued)

2. Overseas assets

(1) Size of assets

Including: overseas assets of RMB20,975 million, accounting for 37.86% of the total assets.

(2) Details of the high proportion of overseas assets

The overseas assets are the assets in the account of the overseas controlled subsidiaries which are established by the Company and the deposits of the parent company which are deposited in foreign currencies in Hong Kong. In particular, the total assets of Fuyao Glass America Inc., an overseas subsidiary (including 100%-controlled Fuyao Glass Illinois Inc. and Fuyao Asset Management C, LLC), amounted to RMB7,072 million as at June 30, 2023, with the revenue in the first half of 2023 amounting to RMB2,544 million and profit for the Reporting Period amounting to RMB190 million.

3. Details of charge on assets

As at June 30, 2023, lands and above-ground buildings situated thereon with a book value of RMB19,563,000 (original value: RMB36,697,000) were pledged as security for the credit facilities of HK\$30 million.

Section III Management Discussion and Analysis

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

(II) Analysis on assets and liabilities (Continued)

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

- (1) Number of employees: as at the end of the Reporting Period, the number of employees of the Company was 28,914, representing a decrease of 68 employees as compared with that at the end of 2022.
- (2) Remuneration policy: based on the principles of fairness, competitiveness, incentives and legality, the Company formulated its remuneration policy. Remuneration of employees is mainly composed of various items including basic salaries, performance salaries, bonuses, subsidies and allowance; salaries are adjusted in accordance with the Company's performance, and employees' performance and capability in a timely manner. In addition, the Company participated in various kinds of insurance as required, and paid the relevant fees on time.
- (3) Training plans: according to the Group's strategic plan and annual operating policy and plan, the Company made training plans. The Group provides orientation training and on-the-job education for the growth of the employees, of which the orientation training covers subjects such as corporate culture and policies, work ethic and quality, major products and businesses, production process, quality management and occupational safety. The on-the-job education covers mandatory training required by the applicable laws and regulations such as environment, health and safety management systems, and special training covers all types of personnel at all levels. In order to meet the needs of its strategic plan, the Group held various training projects for management cadres at all levels, key business and technical staff and business backbones of all functions and high potential talents, including training camp on management in the age of digitalization, in-service cadres cultivation project, reserve cadres cultivation project, key technical talents cultivation project and lean leading expert training projects, and simultaneously developed micro class, micro course, live class and other forms of learning resources by way of online channels to further improve the training and talents development system, to secure talents for the steady and healthy operation and transformation and upgrading of the Group, thereby promoting the high-quality development of the Group.

Section III Management Discussion and Analysis

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

(III) Liquidity and source of capital

1. Cash flows

Unit: '000 Currency: RMB

Items	For the Reporting Period	For the same period last year
Net cash generated from operating activities	2,818,087	2,868,144
Net cash used in investing activities	-2,155,621	-1,118,542
Net cash generated from financing activities	1,049,639	364,813
Net increase in cash and cash equivalents	1,712,105	2,114,415

- (1) During the Reporting Period, net cash generated from operating activities amounted to RMB2,818 million. In particular, cash received from sale of goods and provision of labor services amounted to RMB14,924 million; cash paid for purchase of goods and acceptance of labor services amounted to RMB8,267 million, cash paid to and paid for employees amounted to RMB2,942 million, and payment of various taxes amounted to RMB1,008 million.

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

- (2) During the Reporting Period, net cash used in investing activities amounted to RMB2,156 million. In particular, cash paid for purchase and construction of property, plant and equipment and other long-term assets amounted to RMB2,490 million.
- (3) During the Reporting Period, net cash generated from financing activities amounted to RMB1,050 million. Cash received as borrowings amounted to RMB10,994 million, cash used for repayment of debts amounted to RMB6,327 million; cash payment of dividend distribution and interest amounted to RMB3,388 million.

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

Section III Management Discussion and Analysis

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

(III) Liquidity and source of capital (Continued)

2. Capital expenditure

Capital expenditure of the Company was mainly used for continuous contribution to new projects and the Company's other transformation and upgrading expenditures. During the Reporting Period, RMB2,498 million in cash was paid for purchase and construction of property, plant and equipment and other long-term assets. In particular, capital expenditure of Fuyao America's automotive glass projects amounted to approximately RMB649 million, capital expenditure of the Suzhou automotive glass project amounted to approximately RMB341 million, and capital expenditure of the Changchun automotive glass project amounted to approximately RMB211 million.

3. Borrowings

During the Reporting Period, the new bank borrowings amounted to RMB10,994 million; repayment of bank borrowings amounted to RMB3,827 million; repayment of ultra short-term bonds amounted to RMB1,300 million and repayment of medium-term notes amounted to RMB1,200 million. The Company did not utilize any financial instrument for hedging. As of June 30, 2023, interest-bearing debts are set out as follows:

Unit: 100 million Currency: RMB

Type	Amount
Short-term borrowings with fixed interest rates	97.44
Short-term borrowings with floating interest rates	0.87
Long-term borrowings with fixed interest rates due within one year	5.50
Long-term borrowings with floating interest rates due within one year	0.27
Long-term borrowings with fixed interest rates	37.74
Long-term borrowings with floating interest rates	28.60
	<hr/>
Total	170.42
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Note: The information in the above table excludes accrued interest.

Section III Management Discussion and Analysis

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

(III) Liquidity and source of capital (Continued)

4. Foreign exchange risks and foreign exchange gains or losses

The principal business of the Group is situated within the PRC and is denominated in Renminbi. However, foreign exchange risks still exist for the assets and liabilities in foreign currencies and future foreign currency transactions as recognized by the Group (assets and liabilities in foreign currencies and foreign currency transactions are mainly denominated in US dollar). The finance department of the headquarters of the Group is responsible for monitoring the scale of foreign currency transactions and assets and liabilities in foreign currencies of the Group to reduce the foreign exchange risks to the largest extent. As such, the Group may avoid foreign exchange risks by ways of intensifying international development; reasonably matching the size of foreign currency assets and liabilities with the expansion of overseas operations; optimizing the currencies in settlement of operations; matching the income with expenses in the same currency; and adopting appropriate exchange instruments such as entering into forward foreign exchange contracts, currency swap, forward foreign exchange call options and other contracts. During the Reporting Period, foreign exchange gains of the Group amounted to RMB599 million, as compared with foreign exchange gains of RMB509 million for the corresponding period of last year.

(IV) Capital efficiency

Inventory turnover period during the Reporting Period was 98 days as compared with 99 days of the corresponding period of last year. In particular, inventory turnover period for automotive glass was 70 days as compared with 71 days of the corresponding period last year; inventory turnover period for float glass was 120 days as compared with 134 days of the corresponding period last year.

The turnover period of the trade receivables (including the notes receivable presented at fair value through other comprehensive income) during the Reporting Period was 87 days as compared with 77 days of the corresponding period last year.

During the Reporting Period, the return on equity was 9.85% as compared with 8.97% of the corresponding period of last year. The increase was mainly due to the year-on-year increase in profit for the reporting period during the Reporting Period.

Section III Management Discussion and Analysis

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

(IV) Capital efficiency (Continued)

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

Unit: '000 Currency: RMB

	As at June 30, 2023	As at December 31, 2022
Total borrowings	17,049,405	12,412,383
Lease liabilities	553,615	594,676
Long-term payables	62,983	69,424
Less: Cash and cash equivalents	-14,389,308	-12,237,862
Net debts	3,276,695	838,621
Total equity	28,791,454	28,998,926
Total capital	<u>32,068,149</u>	<u>29,837,547</u>
Gearing ratio (%)	<u>10.22%</u>	<u>2.81%</u>

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

(V) Commitments

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

(VI) Contingent liabilities

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

Section III Management Discussion and Analysis

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

(VII) Outlook of the Company for the second half of 2023

In the second half of 2023, global economic risks and uncertainties will remain coupled with the downward global economic pressure, and the Company will closely follow the Group's business strategy and carry out the following major tasks:

1. to adhere to perfecting the outstanding operation system, improve the global protection and service system, to intensify market expansion, and to continuously develop new markets and new customers, so as to help Fuyao to ascend to a new level.
2. to enhance quality management by improving the all-staff, all-process, and all-value-chain quality management system, with stringent management and control of new product development, process control, service quality, supplier quality, and other aspects.
3. to continue R&D and innovation by integrating and innovating in the three major areas of automotive glass, intelligent decorative parts and aluminium parts for the expansion and betterment of the Company.
4. to continue to promote the construction of "digital green factories" to achieve the optimization of the industrial and energy structures of the leading industries.
5. to keep promoting intelligent manufacturing by building a strong production system, achieving a standardized and intensified supply chain, and establishing a highly flexible and responsive production management system in order to cope with rapid changes in the market.
6. to further organize and improve various management systems, continuously optimize business processes, improve management level and implement production safety.
7. to continue to uphold the core values of "diligence, sincerity, learning and innovation", with a view to developing an international echelon of talents for Fuyao, improve organizational efficiency and value creation ability, and achieve coordinated development of the enterprise and the team.

Section III Management Discussion and Analysis

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

(VIII) Utilization of the proceeds from H Share Placing

Upon approval by the CSRC, as evidenced by the Approval for the Issuance of Additional Overseas Listed Foreign Shares by Fuyao Glass Industry Group Co., Ltd. (Zheng Jian Xu Ke [2021] No. 1495), the Company completed the issuance of 101,126,000 additional overseas listed foreign shares (H shares) at a placing price of HK\$42.90 per share on May 10, 2021. After deducting underwriting fees and other issuance expenses (converted based on the exchange rate announced by the People's Bank of China on May 10, 2021 (Stock Delivery Date)), the net proceeds from the placing actually received by the Company amounted to HK\$4,312.78 million. As at June 30, 2023, the use of the proceeds raised from H share offering by the Company are as follows:

Unit: HK\$ million

Proposed use of the proceeds	Planned use of the net proceeds	Utilized net proceeds	Unutilized net proceeds as at June 30, 2023	Expected timeline of use of the proceeds
Replenishment of working capital and optimization of the capital structure of the Group	2,587.67	1,969.18	618.49	From the second half of 2023 to 2024
Repayment of interest-bearing debts	646.92	646.92	0	
Investment in R&D projects	646.92	646.92	0	
Expansion of photovoltaic glass market and general corporate use	431.27	431.27	0	
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>4,312.78</u>	<u>3,694.29</u>	<u>618.49</u>	

Section III Management Discussion and Analysis

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

(IX) Analysis of investment

1. Overall analysis on external investment in equity interest

On February 16, 2023, the Company incorporated Fuyao Aluminum Parts (Changchun) Co., Ltd. (福耀鋁件(長春)有限公司) with a registered capital of RMB100.00 million. The Company holds 100% equity interest in Fuyao Aluminum Parts (Changchun) Co., Ltd., which is principally engaged in the R&D of automobile parts and components, non-ferrous metal rolling and processing, and the manufacturing of automobile parts and components, amongst others.

In March 2023, the Company invested RMB20.00 million in Glass New Material Innovation Center (Anhui) Co., Ltd. (國家玻璃新材料創新中心(安徽)有限公司) with a shareholding of 11.24%, which is principally engaged in the technological development of new glass materials, technological consultation, technological services, technological transfer and technological promotion; engineering and technological research and experimental development.

(1) Financial assets at fair value

Unit: yuan Currency: RMB

Classification of assets	As at the beginning of the Reporting Period	Gain/(loss) arising from fair value change for the period	Cumulative fair value change accounted for in equity	Impairment provided for during the period	Purchase amount during the period	Selling/redemption amount during the period	Other changes	As at the end of the Reporting Period
Shares of listed companies	7,396,158	-2,261,267	-3,395,090					5,134,891
Equity of unlisted companies measured at fair value through other comprehensive income	77,566,743				20,000,000			97,566,743
Notes receivable measured at fair value through other comprehensive income	1,138,128,166	-3,680,914			3,961,185,938	3,521,589,057		1,574,044,133
Total	1,223,091,067	-5,942,181	-3,395,090		3,981,185,938	3,521,589,057		1,676,745,767

Note: The shares of listed companies are the distribution from customer debt restructuring to subsidiaries.

Section III Management Discussion and Analysis

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

(IX) Analysis of investment (Continued)

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

(1) Financial assets at fair value (Continued)

Securities investment

Unit: yuan Currency: RMB

Type of securities	Stock code	Stock name	Initial investment	Capital source	Book value at the beginning of the period	Gain/(loss) arising from fair value change for the period	Cumulative fair value change accounted for in equity	Amount purchased during the period	Amount disposed during the period	Gain/(loss) on investments during the period	Book value at the end of the period	Accounting classification
Shares of listed companies	601777	Lifan Technology	3,304,999	Debt restructuring	2,486,631	-186,819	-1,005,187				2,299,812	Financial assets held for trading
Shares of listed companies	000980	Zotye Automobile	5,224,982	Debt restructuring	4,909,527	-2,074,448	-2,389,903				2,835,079	Financial assets held for trading
Total	/	/	<u>8,529,981</u>	/	<u>7,396,158</u>	<u>-2,261,267</u>	<u>-3,395,090</u>				<u>5,134,891</u>	/

Derivatives investment

At the tenth meeting of the tenth session of the Board of Directors of the Company held on August 30, 2022, it was considered and approved that within 12 months from the date of consideration and approval of the Resolution on Trading in Foreign Exchange Derivatives at the eighth meeting of the tenth session of the Board of Directors of the Company, the total amount of foreign exchange derivatives trading business in aggregate shall not exceed US\$200 million (inclusive), within which the Group may jointly apply the quota on a revolving basis. The proceeds from the investments may be applied for reinvestment and the transaction amount (including the relevant amount applied for reinvestment out of the aforesaid investment income) at any time within the period shall not exceed the total amount of derivative trading business. From August 30, 2022 to June 30, 2023, the total amount of foreign exchange derivative trading business of the Company was US\$80.00 million.

Section III Management Discussion and Analysis

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

(X) Material disposal of assets and equities

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

Taiyuan Jinnuo has made many requests to the Company for deferred payments. On May 28, 2021, the Company received the application for deferred payments and interest rate reduction of Taiyuan Jinnuo. Taiyuan Jinnuo applied to extend the payment date of the transfer payment for the remaining 24% equity interest in Beijing Futong for three years due to its financial strain. Meanwhile, it applied to adjust the annual interest rate of interest on the transfer payment of equity interest to 3.85% with effect from July 1, 2021. As considered and approved at the fifth meeting of the tenth session of the Board of Directors of the Company on June 17, 2021, the Board of Directors of the Company agreed that Taiyuan Jinnuo shall pay the transfer payment for the remaining 24% equity interest in Beijing Futong before June 30, 2024. Meanwhile, it was agreed that Taiyuan Jinnuo paid interest to the Company at 3.85% per annum of the loan prime rate (LPR) authorized by the People's Bank of China from July 1, 2021, based on the transfer payment for the remaining 24% equity interest in Beijing Futong.

Section III Management Discussion and Analysis

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

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

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

Section III Management Discussion and Analysis

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

(XI) Analysis of major subsidiaries and investee companies

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

Company	Business nature	Major products or services	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Fujian Wanda Automobile Glass Industry Co., Ltd.	Manufacturing enterprise	Production and sale of automotive glass products	74,514.95	483,438.58	190,203.98	132,554.38	72,798.76	70,432.69
Fuyao Group (Shanghai) Automobile Glass Co., Ltd. (福耀集團(上海)汽車玻璃有限公司)	Manufacturing enterprise	Production and sale of automotive glass products	USD68,048,800	638,710.49	113,255.59	194,967.04	34,848.83	31,393.20
Guangzhou Fuyao Glass Co., Ltd. (廣州福耀玻璃有限公司)	Manufacturing enterprise	Production and sale of automotive glass products	USD75,000,000	539,577.18	115,616.53	164,653.63	39,186.79	34,923.96
Fuyao Glass America Inc.	Manufacturing enterprise	Production and sale of automotive glass products	USD1,500	707,175.89	198,840.98	254,370.03	25,741.89	19,000.38

Note: Fuyao Glass America Inc. has 100% equity interest in each of Fuyao Glass Illinois Inc. (福耀玻璃伊利諾伊有限公司) and Fuyao Asset Management C, LLC (福耀美國C資產公司). The financial information of Fuyao Glass America Inc. as disclosed in the above table are the information in its consolidated financial statements.

V. OTHER DISCLOSURES

(I) Potential risks

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

About 50% of the Company's revenue is derived from the operations in the PRC and another 50% from overseas operations. Therefore, the operating results, financial status and prospects of the Company are susceptible to economic, political, policy and legislative changes and wars around the world. In addition, geopolitical conflicts, wars will deepen the impact on the the world's economy and the industry. In response, the Company will put more efforts in technological innovation, enhance the organization management, build new culture of Fuyao, strengthen its position in aftersales service market, ensure stable and healthy development in the PRC market and exploit the advantages of its global presence.

Section III Management Discussion and Analysis

V. OTHER DISCLOSURES (CONTINUED)

(I) Potential risks (Continued)

2. Risks associated with industry development

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

3. Risks associated with market competition

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

4. Risks associated with cost fluctuations

The costs of automotive glass of the Company mainly comprise raw materials of float glass, PVB raw materials, labor, electricity and manufacturing costs, while the costs of float glass mainly include pure soda ash raw materials and natural gas, labor, electricity and manufacturing fees. Due to fluctuations of the prices of international bulk commodities, changes in supply and demand in the natural gas market, changes in production capacity in the soda ash industry and needs for soda ash due to the prospect of the glass and the aluminum oxide industry, continuous rising of labor cost, the Company is exposed to the risk of cost fluctuations. Given the above, the Company will:

Section III Management Discussion and Analysis

V. OTHER DISCLOSURES (CONTINUED)

(I) Potential risks (Continued)

4. Risks associated with cost fluctuations (Continued)

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

Section III Management Discussion and Analysis

V. OTHER DISCLOSURES (CONTINUED)

(I) Potential risks (Continued)

5. Risks associated with exchange rate fluctuations

Although the underlying cause of imbalances in international trade lies in the issues behind the economic structure of certain countries, fluctuations in exchange rates will take place alongside the fluctuations in the global economy, turbulence in certain countries, growing tension in certain key areas, and the tightening and easing of monetary policies by different countries. Given that the Company's oversea sales business has accounted for around 50% and keeps growing every year, a significant fluctuation in exchange rates will affect the results of the Company. In this regard, (1) the finance department of the headquarters of the Group will strengthen the supervision on the scale of foreign currency transactions as well as foreign currency assets and liabilities of the Group, and manage the potential fluctuations in exchange rates possibly by optimizing the settlement currency of export trades and utilizing exchange rate financial instruments and other proactive preventive measures; (2) the Company will strengthen customer loyalty and inspire their confidence in placing orders through building plants in Europe and the US for production and sale in those regions while avoiding risks arising from the fluctuations in exchange rates, so as to keep the risks at a controllable level.

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

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

Section III Management Discussion and Analysis

V. OTHER DISCLOSURES (CONTINUED)

(I) Potential risks (Continued)

7. Cyber risk and security

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

8. Data fraud and theft

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

Section III Management Discussion and Analysis

V. OTHER DISCLOSURES (CONTINUED)

(I) Potential risks (Continued)

9. Environmental and social risks

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

Section IV Corporate Governance

I. GENERAL MEETING

General meeting	Date of convention	Directory to designated site of publication of resolution(s)	Date of publication of resolution(s)	Meeting resolution(s)
2022 Annual General Meeting	April 27, 2023	http://www.sse.com.cn http://www.hkexnews.hk	April 28, 2023	All resolutions were considered and approved

Information on the general meeting

The 2022 Annual General Meeting was convened on April 27, 2023 by way of physical meeting in combination with online voting. All resolutions were considered and approved at the meeting by the shareholders attending the meeting by way of voting. For details, please refer to the Announcement on Resolutions of the 2022 Annual General Meeting of Fuyao Glass Industry Group Co., Ltd. dated April 28, 2023 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times and the website of the SSE (<http://www.sse.com.cn>) and the Poll Results of the 2022 Annual General Meeting published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

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

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

Section IV Corporate Governance

III. CORPORATE GOVERNANCE

(I) Corporate governance overview

1. Corporate Governance Code

The Company is committed to maintaining a high level of corporate governance in order to increase the shareholders' value and safeguard the interests of the shareholders. The Company has formulated a modernized corporate governance structure and established general meetings, the Board of Directors, the Board of Supervisors, special committees of the Board of Directors and senior management with reference to the Company Law of the PRC, the Guidelines on the Articles of Association of Listed Companies (as amended in 2022) and the Code of Corporate Governance for Listed Companies promulgated by the CSRC, the Rules Governing the Listing of Securities on the Shanghai Stock Exchange (as amended in January 2022) issued by the SSE, the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules and other provisions.

During the Reporting Period, the legal entity governance structure was sound and in compliance with the requirements under the Company Law and relevant regulations of the CSRC. The Company has adopted the principles and code provisions set out in the Corporate Governance Code. During the Reporting Period, the Company has complied with all code provisions set out in the Corporate Governance Code, except for code provision F.2.2 of Part 2 of the Corporate Governance Code. In accordance with the requirements of code provision F.2.2 of Part 2 of the Corporate Governance Code, the chairman of the Board of Directors shall attend the annual general meeting. Mr. Cho Tak Wong, the chairman of the Board of Directors of the Company, was not able to attend the 2022 annual general meeting of the Company due to a business trip. According to relevant requirements, the meeting was chaired by Mr. Tso Fai, the vice chairman of the Board of Directors. The convening and holding of 2022 annual general meeting were in compliance with relevant laws, regulations and rules, the articles of association of the Company and the listing rules of the stock exchanges on which the shares of the Company are listed, and the resolutions made at the 2022 annual general meeting are lawful and valid.

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 Corporate Governance

III. CORPORATE GOVERNANCE (CONTINUED)

(I) Corporate governance overview (Continued)

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

The Company has adopted the Model Code set out in Appendix 10 to the Hong Kong Listing Rules as the model code on trading the securities of the Company for all directors, supervisors and relevant employees (as defined in the Corporate Governance Code). According to the specific enquiries made to the directors and supervisors of the Company, all directors and supervisors have confirmed that they had strictly complied with the standards stipulated under the Model Code during the Reporting Period. Meanwhile, to the best of the knowledge of the Company, there’s no incident of non-compliance of the Model Code by the employees during the Reporting Period.

3. Independent non-executive directors

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

Section IV Corporate Governance

III. CORPORATE GOVERNANCE (CONTINUED)

(II) Special committees of the Board of Directors

1. Audit committee

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

2. Remuneration and assessment committee

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

3. Nomination committee

The Company has established a nomination committee in accordance with Rule 3.27A of the Hong Kong Listing Rules, code provisions B.3.1 and B.3.2, Part 2 of the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules as well as the requirements of the CSRC and the SSE. The nomination committee is mainly responsible for providing opinions or suggestions on the changes and recommendation of candidates for directors and senior management to the Board of Directors. The nomination committee comprises three members with independent non-executive directors being the majority. The Chairman of the nomination committee is Ms. Cheung Kit Man Alison, an independent non-executive director, and the other members are Mr. Liu Jing, an independent non-executive director, and Mr. Tso Fai, an executive director and the vice chairman of the Board of Directors of the Company. The terms of reference of the nomination committee are available on the websites of the Company, the SSE and the Hong Kong Stock Exchange.

Section IV Corporate Governance

III. CORPORATE GOVERNANCE (CONTINUED)

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

4. Strategy and development committee

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

(III) Significant matters

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

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

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

The audit committee under the Board of Directors has reviewed the unaudited condensed consolidated interim financial statements, the interim results announcement and the interim report of the Company for the six months ended June 30, 2023 and has discussed with the senior management of the Company on such matters as the accounting policies and practices adopted by the Company.

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION

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

1. Information on pollutant discharging

Name of company or subsidiary	Type of pollutant	Major pollutants and characteristic	Pollutants emission methods	Number of emission outlets	Distribution of emission outlets	Emission concentration	Enforcement of pollutant emission standards	Total emission for the year	Pollutant emission approved	Excessive emissions	
Fujian Wanda Automobile Glass Industry Co., Ltd.	Wastewater	pH				7.04	Table 4, Class III	/	/	Nil	
		TSS				30.49mg/L	Standard for	1.01t	/	Nil	
		COD				27.13mg/L	GB8978-1996	0.9t	/	Nil	
		BOD				12.34mg/L	Comprehensive	0.41t	/	Nil	
		PFC				ND	Wastewater	/	/	Nil	
		Petroleum				Emission out No.1	0.72mg/L	Emission Standards	0.02t	/	Nil
			Ammonia nitrogen	Continued emission	2	(DW001) and Emission out No.2 (DW002)	2.15mg/L	Table 1 Class B Standard for GBT31962-2015	0.07t	/	Nil
								Water Quality Standards for Wastewater Discharged into Town Drainage Sewers			
		Waste gas	TOL	Organized emission	11	Area around the factory	ND	Table 1 for DB35/1784-2018	/	/	Nil
	PX		3.13mg/m ³				0.27t		/	Nil	
			NMHC				7.4mg/m ³		0.64t	/	Nil
	Soil	During the Reporting Period, a total of 122.95 tons of hazardous waste was generated by Fujian Wanda Automobile Glass Industry Co., Ltd. and was legally disposed of by manufacturers with hazardous waste operation qualifications.								Nil	
Guangzhou Fuyao Glass Co., Ltd.	Wastewater	COD				8mg/L		1.46t	/	Nil	
		Ammonia nitrogen				0.629mg/L	Class 1 Emission Standards for	0.115t	/	Nil	
		pH	Indirect emission	1	Integrated wastewater outlet inside the factory	6.8	the second stage per	/	/	Nil	
		Chroma				2	Water Pollutant	/	/	Nil	
		LAS				0.05mg/L	Discharge Limits	0.009t	/	Nil	
		Petroleum				0.31mg/L	(DB44/26-2001)	0.056t	/	Nil	
BOD				2.5mg/L		0.458t	/	Nil			
		SS				24mg/L		4.39t	/	Nil	

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION (CONTINUED)

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

1. Information on pollutant discharging (Continued)

Name of company or subsidiary	Type of pollutant	Major pollutants and characteristic methods	Pollutants emission methods	Number of emission outlets	Distribution of emission outlets	Emission concentration	Enforcement of pollutant emission standards	Total emission for the year	Pollutant emission approved	Excessive emissions
	Waste gas	BTX TOL+PX TVOC	Organized emission	13	Area around the factory	0.0266mg/L 0.2281mg/L 15.7722mg/L	Emission limits for second stage per the Volatile Organic Compounds Emission Standards for the Printing Industry (DB44/815-2010) Emission Standards for Volatile Organic Compounds in Furniture Manufacturing Industry (DB44/814-2010) Emission Standards for Pollutants in Synthetic Resin Industry (GB31572-2015) Class 2 Standard for second stage per Emission Limits for Air Pollutants (DB44/27-2001)	0.0009t / 0.0067t / 0.616t /	Nil Nil Nil	Nil Nil Nil
		NMHC		4		13.19mg/L		0.744t /	Nil	Nil
		HCl		1		1.88mg/L		0.033t /	Nil	Nil
	Soil	During the Reporting Period, a total of 55.674 tons of hazardous waste was generated by Guangzhou Fuyao Glass Co., Ltd. and was legally disposed of by manufacturers with hazardous waste operation qualifications.								Nil

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION (CONTINUED)

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

1. Information on pollutant discharging (Continued)

Name of company or subsidiary	Type of pollutant	Major pollutants and characteristic methods	Pollutants emission methods	Number of emission outlets	Distribution of emission outlets	Emission concentration	Enforcement of pollutant emission standards	Total emission for the year	Pollutant emission approved	Excessive emissions	
Fuyao Glass Industry Group Co., Ltd. (Fuqing Float)	Waste gas	NO _x		3	Three chimneys on the west side of the float factory site	Line 1: 49.567mg/m ³	Emission Standards for Air Pollutants in Flat Glass Industry (GB26453-2011)	227.893t	917.668t	Nil	
						Line 2: 389.998 mg/m ³					
						Line 3: 445.044mg/m ³					
	SO ₂					Line 1: 28.488mg/m ³		110.817t	518.684t	Nil	
						Line 2: 264.549 mg/m ³					
						Line 3: 129.198 mg/m ³					
	Dust			Organized and continuous emission	3		Line 1: 2.711mg/m ³	Emission concentration limits: NO _x : 700mg/m ³ SO ₂ : 400mg/m ³ Dust: 50mg/m ³	8.245t	42.977t	Nil
							Line 2: 20.109mg/m ³				
							Line 3: 8.845mg/m ³				
Waste water			Organized interval discharge	1	Wastewater discharge outlet on the north-east side of the float factory site	pH 7.4	Class 3 Standard for wastewater discharged into the municipal sewage network per Wastewater Comprehensive Discharge Standards (GB 8978-1996)	/	/	Nil	
						SS 6mg/L					
						COD 15mg/L					
						BOD 7mg/L					
						Ammonia Nitrogen 0.875mg/L					
						Sulfide 0.01mg/L					
						Plant and animal oils 0.1mg/L					
TP 0.228mg/L											

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION (CONTINUED)

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

2. Construction and operation of pollution prevention and control facilities

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

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION (CONTINUED)

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

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

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

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

4. Contingency plan for environmental emergencies

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

5. Environmental self-monitoring program

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

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION (CONTINUED)

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

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

(1) Float glass business division

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

Chongqing Float has two automotive grade float glass production lines. Tongliao Float and Benxi Float each has two automotive grade float glass production lines under production. All the three companies take the natural gas as the production fuel. The exhaust gas produced in the natural gas burning is discharged through 100m chimneys to the upper air after the dust removal and denitration treatment, and the specific pollutants are smoke, SO₂ and NO_x. Fuqing Float implements the emission standard in the Chart 2 of GB26453-2011 Emission Standard of Air Pollutants for the Flat Glass Industry.

Chongqing Float has constructed one set of dust removal and denitration facilities, the treatment process of which is an integrated facility for denitration and dust removal (ceramic catalytic cartridge filter), and has one set of kiln flue gas dedusting and denitrification facilities, the treatment process of which is electrostatic precipitator + SCR denitration. Tongliao Float has built two sets of kiln gas dust removal and denitration facilities adopting the electrostatic dust removal + SCR denitration and Benxi Float has built two sets of kiln gas dust removal and denitration facilities adopting an integrated facility for denitrification and dust removal (ceramic catalyst cartridge filter), each with a designed treatment capacity of 100,000 m³/hour. The above facilities are under normal operation with an actual treatment capacity of 70,000 m³/hour to 80,000 m³/hour.

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION (CONTINUED)

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

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

(2) Automotive glass business division

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

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

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

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION (CONTINUED)

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

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

(3) Aluminum accessories business division

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

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

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

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION (CONTINUED)

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

1. Through the core system smart energy platform of the Fuyao energy system, various functions can be achieved including online monitoring of power data, maximum demand management and energy optimization and management, which is conducive to optimization of resource allocation, reasonable utilization of energy, environment improvement, construction of a resource-saving enterprise and implementation of clean production.
2. Since 2015, the Company has carried out a comprehensive evaluation and technical demonstration on the technology and application of photovoltaic power generation system, and finally determined the use of plant roof resources to install a distributed photovoltaic power generation system, using the photovoltaic power generation application mode of “self-generate, self-use, and surplus electricity goes to the grid”. Such mode follows the principles of adapting measures to local conditions, cleanliness and efficiency, decentralized distribution and nearby consumption and utilization, and makes full use of local solar energy resources to replace and reduce fossil energy consumption and to supplement regional load development power supply. Since 2017, the Company has successively and respectively built distributed photovoltaic power generation systems in ten subsidiaries including Fuqing Float, Zhengzhou Fuyao Glass Co., Ltd., Tianjin Hongde Auto Glass Co., Ltd. and Fuyao Glass (Suzhou) Co., Ltd., Fuyao Group (Shanghai) Automobile Glass Co., Ltd., Guangzhou Fuyao Glass Co., Ltd., Fuyao Glass (Hubei) Co., Ltd., Fuyao Group (Shenyang) Automotive Glass Co., Ltd. and Chongqing Wansheng Fuyao Glass Co., Ltd., with a total installed capacity of 110MW, providing reliable, green and clean electricity for the companies where the projects are located.
3. The Company advocates green production. The float glass business divisions in China have obtained the green factory certification. In the production process, the float glass business division uses natural gas as production fuel and has adopted an integrated desulfurization and denitrification technology for reducing pollutant emissions. It also fully utilizes the waste heat in the smoke generated during production to generate electricity or for the use of thermal insulation warehouses in the plants, office buildings and living areas.
4. The Company constantly optimizes its production techniques, focuses on process details, identifies improvement opportunities, improves production efficiency and finished product rate, and reduces energy consumption per unit. The main measures are: upgrading energy-saving fan to reduce the tempering power; optimizing the high pressure parameters of laminated glass to reduce the time of high pressure; upgrading the heat preservation system for encapsulated injection screws to reduce the temperature loss of the screw units; optimizing production time and increasing output per unit time; enhancing process monitoring and reducing reject rate, etc.

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION (CONTINUED)

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

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

Section V Environmental and Social Responsibility

1. ENVIRONMENTAL INFORMATION (CONTINUED)

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

Carbon reduction measures are Yes
taken or not

Carbon dioxide equivalent 56,843
reduction (unit: ton)

Type of carbon reduction measures (such as the use of clean energy for power generation, the use of carbon reduction technology in the production process, and the development and production of new products that contribute to carbon reduction, etc.)

Carbon reduction measures are mainly self-built photovoltaic power and waste heat utilization, and major measures in the first half of 2023 consist of the following:

1. Benxi Fuyao Float Glass Co., Ltd., Fuyao Glass Industry Group Co., Ltd. (Fuqing Float), Chongqing Wansheng Float Glass Co., Ltd. adopted kiln high-temperature flue gas residual heat power generation, reducing electricity consumption of approximately 36.234 million KWh and emissions by 25,300 tons of carbon dioxide equivalent in the first half of 2023.
2. Fuyao Glass Industry Group Co., Ltd. (Fuqing Float), Fuyao Group (Shenyang) Automotive Glass Co., Ltd., Tianjin Hongde Auto Glass Co., Ltd., Zhengzhou Fuyao Glass Co., Ltd., Fuyao Glass (Suzhou) Co., Ltd., Fuyao Group (Shanghai) Automobile Glass Co., Ltd., Guangzhou Fuyao Glass Co., Ltd. and Fuyao Glass (Hubei) Co., Ltd. have built eight distributed photovoltaic power generation systems with a total installed capacity of 94MW, reducing electricity consumption by approximately 34.472 million KWh and emissions by 21,900 tons of carbon dioxide equivalent in the first half of 2023.
3. Centrifugal air compressor waste heat comprehensive utilisation project of Guangzhou Fuyao Glass Co., Ltd. reducing electricity consumption of approximately 1.75 million KWh and emissions of 922 tons of carbon dioxide equivalent in the first half of 2023.
4. Fujian Wanda Automobile Glass Industry Co., Ltd. monitored the use of electricity in real time through the intelligent energy platform, tapping the opportunities for energy-saving technological reforms, reducing electricity consumption by approximately 719,000 KWh and emission by 506 tons of carbon dioxide equivalent in the first half of 2023.
5. Chongqing Wansheng Fuyao Glass Co., Ltd. converted its washing machine into a RAETTS turbine, reducing electricity consumption by 875,000 KWh and emissions by 460 tons of carbon dioxide equivalent in the first half of 2023.

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

Section V Environmental and Social Responsibility

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

External donations and public welfare projects	Quantity/Content
Total investment (<i>RMB10,000</i>)	46,095.96
Ways of assistance (such as poverty alleviation through development of industries, provision of employment and development of education, etc.)	poverty alleviation through development of education, poverty alleviation and poverty relief, etc.

Note: The above data include the external donation and public welfare project investment of RMB460,300,000 of Heren Charitable Foundation, which was established via 300 million Shares of Fuyao Glass held by Mr. Cho Tak Wong. Heren Charitable Foundation is an independent charitable foundation that operates in accordance with the PRC laws and its articles of association. Mr. Cho Tak Wong and any person acting in concert with him, including Fujian Yaohua Industrial Village Development Co., Ltd., Sanyi Development Limited and Homekiu Overseas Holdings Limited, do not have any control over Heren Charitable Foundation, nor are they beneficiaries of Heren Charitable Foundation. Based on the above, Heren Charitable Foundation is independent of Mr. Cho Tak Wong and his associates.

Section VI Significant Events

I. PERFORMANCE OF UNDERTAKINGS

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

Nature of the undertaking	Type of the undertaking	Undertaking party	Details of the undertaking	Time and term of the undertaking	Whether there is a term for the undertaking	Whether Performed timely and strictly
Other undertakings	Dividend distribution	Fuyao Glass Industry Group Co., Ltd.	For details, please refer to the Dividend Distribution Plan of Fuyao Glass Industry Group Co., Ltd. for Shareholders for the Upcoming Three Years (2021-2023) dated June 18, 2021 as published on the Shanghai Securities News, the China Securities Journal and the Securities Times and the websites of the SSE (http://www.sse.com.cn) and Hong Kong Stock Exchange (http://www.hkexnews.hk).	Date of announcement of the undertaking: June 18, 2021, Term of performance of the undertaking: January 1, 2021 to December 31, 2023	Yes	Yes

II. MATERIAL LITIGATION AND ARBITRATION

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

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

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

Section VI Significant Events

IV. SUBSTANTIAL CONNECTED TRANSACTIONS

(I) Connected transactions in relation to ordinary business operations

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

Description of the matter

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

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

Inquiry index

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

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

Section VI Significant Events

IV. SUBSTANTIAL CONNECTED TRANSACTIONS (CONTINUED)

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

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

Description of the matter

The Resolution in Relation to the Projected Daily Connected Transactions between the Company and Tri-Wall Packaging (Fuzhou) Co., Ltd. for the Year 2023 and the Resolution in Relation to the Projected Daily Connected Transactions between the Company and Jinken Glass Industry Shuangliao Co., Ltd. for the Year 2023 were considered and approved at the eleventh meeting of the tenth session of the Board of Directors of the Company convened on October 20, 2022.

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

Inquiry index

For details, please refer to the Announcement of Fuyao Glass Industry Group Co., Ltd. on Daily Connected Transaction dated October 21, 2022 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, and on the website of the SSE (<http://www.sse.com.cn>).

For details, please refer to the Announcement of Fuyao Glass Industry Group Co., Ltd. on Connected Transaction in Relation to Leasing of Property dated April 28, 2023 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, the Securities Daily and on the website of the SSE (<http://www.sse.com.cn>), and the Announcement on the Connected Transaction under the Lease Contract dated April 28, 2022 as published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

Section VI Significant Events

IV. SUBSTANTIAL CONNECTED TRANSACTIONS (CONTINUED)

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

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

Connected transactions in relation to the daily operations in the first half of 2023 are as below (having been disclosed in interim announcements):

Unit: 0'000 Currency: RMB

Connected party	Connected relationship	Nature of the connected transaction	Content of the connected transaction	Pricing principle of the connected transaction	Estimated amounts in 2023	Actual amounts in the first half of 2023	Percentage of amount of the same type of transactions (%)	Settlement method of the connected transaction
Tri-Wall Packaging (Fuzhou) Co., Ltd.	Joint venture	Purchase of goods	Procurement of raw and auxiliary materials	Market price	12,000.00	3,826.99	37.59	30 days upon the invoice date
Jinken Glass Industry Shuangliao Co., Ltd.	Associate	Purchase of goods	Procurement of raw and auxiliary materials	Market price	40,000.00	6,353.15	62.41	60 days upon the invoice date
Tri-Wall Packaging (Fuzhou) Co., Ltd.	Joint venture	Sales of goods	Sale of raw and auxiliary materials	Market price	20.00	0.00		30 days upon the invoice date
Jinken Glass Industry Shuangliao Co., Ltd.	Associate	Sales of goods	Sale of raw and auxiliary materials	Market price	300.00	12.17	100	30 days upon the invoice date
Tri-Wall Packaging (Fuzhou) Co., Ltd.	Joint venture	Water, electricity, gas and other utility expenses (sale)	Sale of water and electricity	Agreed price	160.00	69.51	100	30 days upon the invoice date
Tri-Wall Packaging (Fuzhou) Co., Ltd.	Joint venture	Provision of labor services to connected persons	Provision of labor services	Agreed price	300.00	148.08	80.50	30 days upon the invoice date
Jinken Glass Industry Shuangliao Co., Ltd.	Associate	Provision of labor services to connected persons	Provision of labor services	Market price	80.00	35.88	19.50	30 days upon the invoice date

Section VI Significant Events

IV. SUBSTANTIAL CONNECTED TRANSACTIONS (CONTINUED)

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

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

Connected party	Connected relationship	Nature of the connected transaction	Content of the connected transaction	Pricing principle of the connected transaction	Estimated amounts in 2023	Actual amounts in the first half of 2023	Percentage of amount of the same type of transactions (%)	Settlement method of the connected transaction
Jinken Glass Industry Shuangliao Co., Ltd.	Associate	Acceptance of labor services from connected persons	Acceptance of labor services	Market price	5.00	0.86	100	30 days upon the invoice date
Jinken Glass Industry Shuangliao Co., Ltd.	Associate	Other inflows	Revenue from leasing of iron frames	Market price	30.00	10.80	100	30 days upon the invoice date
Jinken Glass Industry Shuangliao Co., Ltd.	Associate	Other outflows	Expenditures incurred for leasing of iron frames	Market price	40.00	14.47	100	30 days upon the invoice date
Fujian Yaohua Industrial Village Development Co., Ltd.	Other	Other outflows	Leasehold property	Market price	3,324.84	1,641.15	53.21	Payment of the rent for the next year between December and January of the following year
Global Cosmos German Limited	Other	Other outflows	Leasehold property	Market price	2,485.00	1,041.29	33.76	Payment of the rent for the year before June 30
Total					58,744.84	13,154.35		

Section VI Significant Events

IV. SUBSTANTIAL CONNECTED TRANSACTIONS (CONTINUED)

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

2. Matters not disclosed in interim announcements

Unit: 0'000 Currency: RMB

Connected party	Connected relationship	Nature of the connected transaction	Content of the connected transaction	Pricing principle of the connected transaction	Amounts of the connected transaction	Percentage of amount of the same type of transactions (%)	Settlement method of the connected transaction
Fujian Triplex Auto Parts Development Co., Ltd.	Other	Leasing	Leasing of property	Market price	402.00	13.03	Please refer to the note
Fujian Triplex Auto Parts Development Co., Ltd.	Other	Water, electricity, gas and other utility expenses (purchase)	Purchase of water and electricity	Market price	5.23	100	30 days upon the invoice date
Fuyao Group Beijing Futong Safety Glass Co., Ltd.	Associate	Acceptance of labor services	Product accessories installation service	Costs plus reasonable profits	216.01	100	Settled in the month following invoice date
Total				/	623.24	/	

Note to the connected transaction

As the amounts of the transactions conducted between the Company, Fuyao Group Beijing Futong Safety Glass Co., Ltd. and Fujian Triplex Auto Parts Development Co., Ltd. are relatively small, such connected transactions are not required to be submitted to the Board of Directors of the Company for consideration according to the relevant provisions of the Rules Governing the Listing of Stocks on the SSE and the Articles of Association; these transactions will constitute de minimis transactions under Rule 14A. 76 of the Hong Kong Listing Rules and are fully exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules.

Section VI Significant Events

IV. SUBSTANTIAL CONNECTED TRANSACTIONS (CONTINUED)

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

2. Matters not disclosed in interim announcements (Continued)

Note: The Group leased part of its factory and dormitory buildings located in Yinxi Street, Fuqing City, Fujian Province from Fujian Triplex Auto Parts Development Co., Ltd. controlled by Mr. Tso Fai, the vice chairman of the Company. The total leased area of factory is 20,000 square meters with five-year lease term from July 1, 2021 to June 30, 2026, with a two-month rent-free period. The monthly rent excluding VAT in the first three years is RMB500,000, and the monthly rent increases by 4% from the fourth year. The property management fee (including sanitation management fee) is RMB1.50/month per square meter, and the rent of the current month shall be paid in full on the 1st day of each month; the leased area of the dormitory is approximately 9,171.7 square meters with one-year lease term from July 1, 2022 to June 30, 2023 (rent calculated based on actual occupancy). The monthly rent including tax is RMB140,000, and the rent for the next quarter shall be paid on or before the 15th day of each quarter upon receipt of the invoice.

V. MATERIAL CONTRACTS AND THE IMPLEMENTATION THEREOF

1. Material guarantees completed and not yet completed during the Reporting Period

Unit: 0'000 Currency: RMB

External guarantees of the Company (excluding guarantees to subsidiaries)

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

Guarantees of the Company to subsidiaries

Total amount of the guarantees to subsidiaries during the Reporting Period	0
Balance of the total amount of the guarantees to subsidiaries at the end of the Reporting Period (B)	43,354.80

Section VI Significant Events

V. MATERIAL CONTRACTS AND THE IMPLEMENTATION THEREOF (CONTINUED)

1. Material guarantees completed and not yet completed during the Reporting Period (Continued)

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

Total amount of guarantees (A+B)	43,354.80
Total amount of guarantees as a percentage of the net assets of the Company (%)	1.51
Including:	
The amount of guarantees offered to the shareholders, de facto controller and connected parties (C)	0
The amount of debt guarantees directly or indirectly offered to the guaranteed with a gearing ratio of over 70% (D)	0
The amount of guarantees in excess of 50% of net assets (E)	0
The sum of the three items above (C+D+E)	0

Explanation on guarantee

Foreign currencies are translated into RMB based on the exchange rates announced by the People's Bank of China on June 30, 2023

Section VII Changes in Shares and Information of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in shares

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

II. PARTICULARS OF SHAREHOLDERS

(I) Total number of shareholders:

As at June 30, 2023, total number of shareholders of the Company was 183,856, of which, 183,813 were holders of A shares and 43 were holders of H shares.

Total number of shareholders of ordinary shares as at the end of the Reporting Period	183,856
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

Name of shareholder (Full name)	Increase/ decrease during the Reporting Period	Shareholding at the end of the Reporting Period	Percentage (%)	Pledged, charged or moratorium		Nature of shareholders
				Number of shares held with selling restrictions	Status of shares Number	
HKSCC NOMINEES LIMITED <i>(Note)</i>	2,785	595,877,144	22.83		Unknown	Unknown
Sanyi Development Limited	-	390,578,816	14.97		Nil	Overseas legal person
Hong Kong Securities Clearing Company Limited	13,399,060	356,561,856	13.66		Unknown	Unknown
Heren Charitable Foundation	-	169,512,888	6.50		Nil	Domestic non state- owned legal person
Agricultural Bank of China Co., Ltd. – E Fund Consumer Industry Equity Securities Investment Fund (易方達消費行業股票型證券 投資基金)	-3,609,618	37,273,663	1.43		Unknown	Unknown
Bai Yongli	-	34,653,315	1.33		Unknown	Unknown

Section VII Changes in Shares and Information of Shareholders

II. PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

Particulars of top 10 shareholders

Name of shareholder (Full name)	Increase/ decrease during the Reporting Period	Shareholding at the end of the Reporting Period	Percentage (%)	Pledged, charged or moratorium		Nature of shareholders
				Status of shares	Number	
China Securities Finance Corporation Limited	-	28,095,485	1.08	Unknown		Unknown
Fujian Yaohua Industrial Village Development Co., Ltd.	-	24,077,800	0.92	Nil		Domestic non state-owned legal person
Li Haiqing	-	21,922,059	0.84	Unknown		Unknown
Li Fuqing	-	20,561,966	0.79	Unknown		Unknown

Shareholding of the top ten shareholders not subject to selling restrictions

Name of shareholders	Number of tradable shares held without selling restrictions	Type and number of shares	
		Type	Number
HKSCC NOMINEES LIMITED ^(Note)	595,877,144	Domestic listed foreign shares	595,877,144
Sanyi Development Limited	390,578,816	Ordinary shares denominated in RMB	390,578,816
Hong Kong Securities Clearing Company Limited	356,561,856	Ordinary shares denominated in RMB	356,561,856
Heren Charitable Foundation	169,512,888	Ordinary shares denominated in RMB	169,512,888
Agricultural Bank of China Co., Ltd. – E Fund Consumer Industry Equity Securities Investment Fund (易方達消費行業股票型證券投資基金)	37,273,663	Ordinary shares denominated in RMB	37,273,663
Bai Yongli	34,653,315	Ordinary shares denominated in RMB	34,653,315
China Securities Finance Corporation Limited	28,095,485	Ordinary shares denominated in RMB	28,095,485
Fujian Yaohua Industrial Village Development Co., Ltd.	24,077,800	Ordinary shares denominated in RMB	24,077,800
Li Haiqing	21,922,059	Ordinary shares denominated in RMB	21,922,059
Li Fuqing	20,561,966	Ordinary shares denominated in RMB	20,561,966

Section VII Changes in Shares and Information of Shareholders

II. PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

Shareholding of the top ten shareholders not subject to selling restrictions

Name of shareholders	Number of tradable shares held without selling restrictions		Type	Type and number of shares	Number
	Explanations on the repurchase special account among top 10 shareholders	Nil			
Explanations on the voting rights entrusted by or to or waived by the above shareholders	Nil				
Explanations on the connected relationship or parties acting in concert among the above shareholders	The de facto controllers of Sanyi Development Limited and Fujian Yaohua Industrial Village Development Co., Ltd. are members of the same family. Among the remaining 8 shareholders not subject to selling restrictions, it is uncertain whether there is any connected relationship among the shareholders and whether such shareholders are parties acting in concert which fall within the meaning under the Measures for the Administration of Acquisition of Listed Companies.				

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

Section VII Changes in Shares and Information of Shareholders

II. PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

As at June 30, 2023, the interests and short positions of directors, supervisors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, (a) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code set out in Appendix 10 of the Hong Kong Listing Rules, were as follows:

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

Notes:

- (1) Mr. Cho Tak Wong directly holds 314,828 A shares (L) and indirectly holds 390,578,816 A shares (L) through Sanyi Development Limited. In addition, Mr. Cho Tak Wong is deemed to be interested in the 24,077,800 A shares (L) indirectly held by his spouse, Ms. Chan Fung Ying.
- (2) Mr. Tso Fai indirectly holds 12,086,605 A shares (L) through Homekiu Overseas Holdings Limited.
- (3) The percentage is calculated based on the number of the relevant class of issued shares or the total issued shares of the Company as at June 30, 2023.
- (4) (L) – long position.

Save as disclosed above, as at June 30, 2023, none of the directors, supervisors and chief executives of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Section VII Changes in Shares and Information of Shareholders

II. PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

As at June 30, 2023, the Company was notified of the following persons other than directors, supervisors or chief executive of the Company who had 5% or more interests or short positions in the issued shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

Name	Capacity/nature of interest	Number of shares interested	Percentage of total issued share capital of the relevant class of shares ⁽⁶⁾ (%)	Percentage of total issued share capital of the Company ⁽⁶⁾ (%)	Class of shares
Chan Fung Ying ⁽¹⁾	Interest of spouse/ interest of controlled corporation	414,971,444(L)	20.72(L)	15.90(L)	A share
Sanyi Development Limited	Beneficial owner	390,578,816(L)	19.50(L)	14.97(L)	A share
Heren Charitable Foundation	Beneficial owner	169,512,888(L)	8.46(L)	6.50(L)	A share
Blackrock, Inc. ⁽²⁾	Interest of controlled corporation	36,326,413(L) 1,655,200(S)	5.99(L) 0.27(S)	1.39(L) 0.06(S)	H share
Citigroup Inc. ⁽³⁾	Interest of controlled corporation/approved lending agent	48,350,350(L) 1,308,148(S) 46,969,576(P)	7.96(L) 0.21(S) 7.74(P)	1.85(L) 0.50(S) 1.80(P)	H share
JPMorgan Chase & Co. ⁽⁴⁾	Interest of controlled corporation/investment manager/secured equity holders/ approved lending agent	91,129,166(L) 662,400(S) 7,930,034(P)	15.01(L) 0.10(S) 1.30(P)	3.49(L) 0.03(S) 0.30(P)	H share
Schroders PLC ⁽⁵⁾	Investment manager	36,924,400(L)	6.09(L)	1.41(L)	H share

Notes:

- (1) Ms. Chan Fung Ying indirectly holds 24,077,800 A shares (L) through Fujian Yaohua Industrial Village Development Co., Ltd. ("Yaohua"). In addition, she was deemed to be interested in 390,893,644 A shares (L) held by her spouse, Mr. Cho Tak Wong.
- (2) BlackRock, Inc. holds 36,326,413 H shares (L) and 1,655,200 H shares (S) through several controlled entities, of which 341,200 H shares (L) and 1,382,400 H shares (S) were related to the unlisted derivatives – cash settled.
- (3) Citibank, N.A., Citigroup Global Markets Hong Kong Limited and Citigroup Global Markets Limited, controlled entities of Citigroup Inc., hold a total of 48,350,350 H shares (L), 1,308,148 H shares (S) and 46,969,576 H shares (P), of which 416,000 H shares (L) and 2,000 H shares (S) were related to the unlisted derivatives – cash settled.
- (4) JPMorgan Chase & Co. holds 91,129,166 H shares (L), 662,400 H shares (S) and 7,930,034 H shares (P) of the Company through several controlled entities, of which, 435,200 H shares (L) and 296,400 H shares (S) were related to the unlisted derivatives – cash settled.

Section VII Changes in Shares and Information of Shareholders

II. PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

- (5) Schroders PLC holds 36,924,400 H shares (L) through several controlled entities, of which 105,200 H shares (L) were related to the unlisted derivatives – cash settled.
- (6) The percentage is calculated based on the number of the relevant class of issued shares or the total issued shares of the Company as at June 30, 2023.
- (7) (L) – long position, (S) – short position, (P) – lending pool.

Save as disclosed above, as at June 30, 2023, no person had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Unit: Share

Name	Position	Number of shares held at the beginning of the period	Number of shares held at the end of the period	Changes in shares held for the Reporting Period
Cho Tak Wong	Executive Director, Chairman of the Board of Directors	314,828	314,828	0
Tso Fai	Executive Director, Vice Chairman of the Board of Directors	–	–	–
Ye Shu	Executive Director, President	–	–	–
Chen Xiangming	Executive Director, Joint Company Secretary, Chief Financial Officer	–	–	–
Wu Shinong	Non-executive Director	–	–	–
Zhu Dezhen	Non-executive Director	–	–	–
Cheung Kit Man Alison	Independent Non-executive Director	–	–	–
Liu Jing	Independent Non-executive Director	–	–	–
Qu Wenzhou	Independent Non-executive Director	–	–	–
Bai Zhaohua	Chairman of the Board of Supervisors	–	–	–

Section VII Changes in Shares and Information of Shareholders

III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

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

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
Ma Weihua	Supervisor	–	–	–
Chen Mingsen	Supervisor	–	–	–
He Shimeng	Vice President	33,633	33,633	0
Chen Juli	Vice President	–	–	–
Huang Xianqian	Vice President	–	–	–
Lin Yong	Vice President	–	–	–
Wu Lide	Vice President	–	–	–
Li Xiaoxi	Secretary to the Board of Directors	365,600	365,600	0

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

IV. CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

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

1. Mr. Wu Shinong, a non-executive director of the Company, resigned as an independent non-executive director of Chongqing Dima Industry Co., Ltd. (重慶市迪馬實業股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600565).

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

Section VIII Relevant Information on Bonds

I. CORPORATE BONDS, COMPANY BONDS AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

(I) Corporate bonds

1. Basic information about the corporate bonds subsisting at the date of approval of the semi-annual report

There are no bonds of the Company subsisting as at the date of approval of the semi-annual report for the year 2023.

Payment of interest of bonds from the Reporting Period up to the date of approval of the semi-annual report

Name of bonds	Explanations of the payment of interest
First tranche of 2020 medium-term notes of Fuyao Glass Industry Group Co., Ltd. (pandemic prevention and control bonds)	Completed payment of interest
Second tranche of 2020 medium-term notes of Fuyao Glass Industry Group Co., Ltd.	Completed payment of interest
Seventh tranche of 2022 ultra short-term financing bonds of Fuyao Glass Industry Group Co., Ltd.	Completed payment of interest
Eighth tranche of 2022 ultra short-term financing bonds of Fuyao Glass Industry Group Co., Ltd.	Completed payment of interest
Ninth tranche of 2022 ultra short-term financing bonds of Fuyao Glass Industry Group Co., Ltd.	Completed payment of interest
Tenth tranche of 2022 ultra short-term financing bonds of Fuyao Glass Industry Group Co., Ltd.	Completed payment of interest

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

Unit: yuan Currency: RMB

Main indicators	At the end of the Reporting Period	At the end of last year	Increase/decrease at the end of the Reporting Period as compared to the end of last year (%)
Current ratio ⁽¹⁾	1.80	1.71	5.26
Quick ratio ⁽²⁾	1.52	1.40	8.57
Gearing ratio (%) ⁽³⁾	48.05%	42.90%	5.15%

Section VIII Relevant Information on Bonds

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

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

	Reporting Period (January-June)	Corresponding period last year	Increase/ decrease of the Reporting Period as compared with the corresponding period last year (%)
Net profit after non-recurring profit or loss	2,792,914,561	2,310,302,908	20.89
Total debt to EBITDA ratio ⁽⁴⁾	0.23	0.25	-8.00
Interest coverage ratio ⁽⁵⁾	21.70	17.90	21.23
Cash interest coverage ratio ⁽⁶⁾	20.01	21.51	-6.97
EBITDA interest coverage ratio ⁽⁷⁾	29.48	25.61	15.11
Loan repayment ratio (%) ⁽⁸⁾	100%	100%	0
Interest repayment ratio (%) ⁽⁹⁾	100%	100%	0

(1) Current ratio = current assets/current liabilities

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

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

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

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

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

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

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

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

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Interim Balance Sheet

	<i>Note</i>	As at June 30, 2023 <i>RMB'000</i> (Unaudited)	As at December 31, 2022 <i>RMB'000</i> (Audited)
Assets			
Non-current assets			
Property, plant and equipment	6	19,382,157	18,136,589
Right-of-use assets	7	578,218	575,442
Land use rights	8	1,017,703	997,751
Intangible assets	9	423,045	340,443
Investments in joint ventures	10	46,963	44,564
Investments in an associate	10	175,496	205,476
Financial assets at fair value through other comprehensive income	13	97,567	77,567
Deferred income tax assets	11	381,658	405,971
Long-term receivables	12	—	316,416
		<u>22,102,807</u>	<u>21,100,219</u>
Current assets			
Inventories		5,221,248	5,403,360
Receivables, prepayments and other current assets	12	7,065,626	6,109,367
Financial assets at fair value through profit or loss	13	5,135	7,396
Financial assets at fair value through other comprehensive income	13	1,574,044	1,138,128
Restricted cash		34,871	38,981
Held-to-maturity term deposits with original maturity of more than three months		5,015,230	4,742,813
Cash and cash equivalents		14,389,308	12,237,862
		<u>33,305,462</u>	<u>29,677,907</u>
Total assets		<u>55,408,269</u>	<u>50,778,126</u>

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Interim Balance Sheet (Continued)

	<i>Note</i>	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	14	2,609,744	2,609,744
Share premium	15	9,680,392	9,680,392
Other reserves	15	3,941,515	3,723,080
Retained earnings		12,574,194	13,000,422
		<u>28,805,845</u>	<u>29,013,638</u>
Non-controlling interests		<u>(14,391)</u>	<u>(14,712)</u>
Total equity		<u>28,791,454</u>	<u>28,998,926</u>
Liabilities			
Non-current liabilities			
Borrowings	16	6,633,000	3,007,000
Lease liabilities	7	435,272	476,982
Long-term payables	17	57,917	64,473
Deferred income tax liabilities	11	262,423	199,324
Deferred income on government grants	18	737,927	671,050
		<u>8,126,539</u>	<u>4,418,829</u>
Current liabilities			
Trade and other payables	19	6,619,475	6,568,838
Contract liabilities		941,003	931,585
Current income tax liabilities		389,984	331,920
Borrowings	16	10,416,405	9,405,383
Lease liabilities due within one year		118,343	117,694
Long-term payables due within one year		5,066	4,951
		<u>18,490,276</u>	<u>17,360,371</u>
Total liabilities		<u>26,616,815</u>	<u>21,779,200</u>
Total equity and liabilities		<u>55,408,269</u>	<u>50,778,126</u>

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Interim Income Statement

	<i>Note</i>	Accumulated in June 2023 RMB'000 (Unaudited)	Accumulated in June 2022 RMB'000 (Unaudited)
Revenue	20	15,031,259	12,903,699
Cost of sales	20	(10,016,690)	(8,594,733)
Gross profit		5,014,569	4,308,966
Distribution costs and selling expenses		(678,249)	(615,215)
Administrative expenses		(1,143,637)	(1,002,616)
Research and development expenses		(628,377)	(557,462)
Other income		87,979	103,330
Other gains – net	21	533,401	484,991
Net impairment losses on financial assets		(7,863)	1,097
Operating profit	22	3,177,823	2,723,091
Finance income		282,429	89,466
Finance costs		(147,429)	(157,948)
Finance costs – net		135,000	(68,482)
Share of net profit of joint venture/associate		6,719	14,606
Profit before tax		3,319,542	2,669,215
Income tax expense	23	(483,270)	(288,967)
Profit for the period		2,836,272	2,380,248
Profit attributable to:			
Owners of the Company		2,835,951	2,381,629
Non-controlling interests		321	(1,381)
Profit for the period		2,836,272	2,380,248
Earnings per share attributable to the ordinary equity holders of the Company during the period			
– Basic and diluted earnings per share (expressed in RMB per share)	24	1.09	0.91

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Interim Statement of Comprehensive Income

	<i>Note</i>	Accumulated in June 2023 RMB'000 (Unaudited)	Accumulated in June 2022 RMB'000 (Unaudited)
Profit for the period		2,836,272	2,380,248
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	15	218,435	474,674
Other comprehensive income for the period, net of tax		218,435	474,674
Total comprehensive income for the period		<u>3,054,707</u>	<u>2,854,922</u>
Total comprehensive income attributable to:			
Owners of the Company		3,054,386	2,856,303
Non-controlling interests		321	(1,381)
Total comprehensive income for the period		<u>3,054,707</u>	<u>2,854,922</u>

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Interim Statement of Changes in Equity

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

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Interim Statement of Changes in Equity (Continued)

	Attributable to owners of the Company				Total RMB'000	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			
As at January 1, 2022	2,609,744	9,680,392	2,770,394	11,256,678	26,317,208	(11,912)	26,305,296
Comprehensive income:							
Profit for the period	-	-	-	2,381,629	2,381,629	(1,381)	2,380,248
Other comprehensive income:							
Currency translation differences	-	-	474,674	-	474,674	-	474,674
Total comprehensive income	-	-	474,674	2,381,629	2,856,303	(1,381)	2,854,922
Total transaction with equity holders:							
Dividends declared for 2021	-	-	-	(2,609,743)	(2,609,743)	-	(2,609,743)
Total transaction with equity holders, recognized directly in equity	-	-	-	(2,609,743)	(2,609,743)	-	(2,609,743)
Appropriation to statutory reserve	-	-	-	-	-	-	-
As at June 30, 2022	2,609,744	9,680,392	3,245,068	11,028,564	26,563,768	(13,293)	26,550,475

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Interim Cash Flow Statement

<i>Note</i>	Accumulated in June 2023 RMB'000 (Unaudited)	Accumulated in June 2022 RMB'000 (Unaudited)
Cash flow from operating activities		
Cash generated from operations	3,175,648	3,192,100
Income taxes paid	(357,561)	(323,956)
	<u>2,818,087</u>	<u>2,868,144</u>
Net cash generated from operating activities		
Cash flow from investing activities		
Proceeds from disposal of property, plant and equipment	48,181	34,900
Purchases of property, plant and equipment	(2,351,543)	(1,330,964)
Purchase of land use rights	(32,393)	(26,574)
Purchase of intangible assets	(106,237)	(28,742)
Disposal of financial assets at fair value through profit or loss – net	–	3,868
Recovery of held-to-maturity term deposits with original maturity of more than three months at its maturity	4,099,114	–
Purchase of financial assets at fair value through other comprehensive income – net	(20,000)	–
Interest received	191,633	89,466
Decrease/(increase) in restricted cash	4,110	(16)
Increase in held-to-maturity term deposits with original maturity of more than three months	(4,099,504)	–
Government grants received relating to property, plant and equipment	111,018	31,690
Repayment of loans by related parties	–	107,830
	<u>(2,155,621)</u>	<u>(1,118,542)</u>
Net cash used in investing activities		

Section IX Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Condensed Consolidated Interim Cash Flow Statement (Continued)

	<i>Note</i>	Accumulated in June 2023 RMB'000 (Unaudited)	Accumulated in June 2022 RMB'000 (Unaudited)
Cash flow from financing activities			
Proceeds from borrowings		10,994,319	8,642,926
Repayments of borrowings		(6,326,524)	(5,471,756)
Dividends paid to the Company's shareholders		(3,204,448)	(2,557,935)
Interest paid		(183,152)	(161,554)
Payment of lease liabilities		(230,556)	(86,868)
		<hr/>	<hr/>
Net cash generated from financing activities		1,049,639	364,813
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		12,237,862	14,325,322
Exchange differences on cash and cash equivalents		439,341	490,323
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period		14,389,308	16,930,060

Section IX Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. General Information

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

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

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

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

The condensed consolidated interim financial statements are unaudited, and were approved to be issued by the Board of Directors on 17 August 2023.

2. Accounting Policies

2.1 Basis of presentation

The condensed consolidated interim financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) and the requirements of the Hong Kong Companies Ordinance Cap. 622. The condensed consolidated interim financial statements have been prepared on a historical cost basis, as modified by the revaluation of financial assets or liabilities (including derivative instruments) at fair value through profit or loss and fair value through other comprehensive income, at fair value.

During the Reporting Period, save as described in 2.2 Changes in accounting policies, the accounting policies adopted by the Group are consistent with those used for and described in the annual consolidated financial statements of the Group for the year ended December 31, 2022. The Group has not early adopted any new accounting and financial reporting standards, amendments and improvements to existing standards which have been issued but are not yet effective for the financial year ended December 31, 2023.

Section IX Financial Report

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

2. Accounting Policies (Continued)

2.2 Changes in accounting policies

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

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The above amendment to standard was issued in 2022 and was initially effective from 2023. The adoption of the amendment will have no material impact on the Group.

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

3. Financial Risk Management

3.1 Financial risk factors

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

The Condensed Consolidated Interim Financial Statements do not include all the information on financial risk management and disclosure required to be disclosed in the annual financial statements. There have been no changes in the risk management department or in any risk management policies since year end 2022.

Section IX Financial Report

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

3. Financial Risk Management (Continued)

3.2 Liquidity risk

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

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
As at June 30, 2023					
Borrowings, including interest payables	10,626,908	1,793,800	5,052,307	–	17,473,015
Long-term payables	8,026	8,026	24,079	40,131	80,262
Lease liabilities	77,019	130,381	245,581	162,582	615,563
Financial liabilities included in trade payables and other payables	5,981,993	–	–	–	5,981,993
	16,693,946	1,932,207	5,321,967	202,713	24,150,833
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
As at December 31, 2022					
Borrowings, including interest payables	9,519,476	613,068	2,490,047	–	12,622,591
Long-term payables	8,026	8,026	24,079	48,157	88,288
Lease liabilities	127,553	125,873	236,721	163,277	653,424
Financial liabilities included in trade payables and other payables	5,835,652	–	–	–	5,835,652
	15,490,707	746,967	2,750,847	211,434	19,199,955

Section IX Financial Report

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

3. Financial Risk Management (Continued)

3.3 Fair value estimation

(a) The table below analyses the Group's financial instruments carried at fair value as at June 30, 2023 and December 31, 2022 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at June 30, 2023				
Assets				
Financial assets at fair value through profit or loss				
– Held-for-trading equity instrument investment (note 13)	5,135	–	–	5,135
Financial assets at fair value through other comprehensive income				
– Notes receivable (note 13)	–	–	1,574,044	1,574,044
– Unlisted equity securities (note 13)	–	–	97,567	97,567
	<u>5,135</u>	<u>–</u>	<u>1,671,611</u>	<u>1,676,746</u>

Section IX Financial Report

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

3. Financial Risk Management (Continued)

3.3 Fair value estimation (Continued)

- (a) The table below analyses the Group's financial instruments carried at fair value as at June 30, 2023 and December 31, 2022 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows: (Continued)

	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
As at December 31, 2022				
Assets				
Financial assets at fair value through profit or loss				
– Held-for-trading equity instrument investment <i>(note 13)</i>	7,396	–	–	7,396
Financial assets at fair value through other comprehensive income				
– Notes receivable <i>(note 13)</i>	–	–	1,138,128	1,138,128
– Unlisted equity securities <i>(note 13)</i>	–	–	77,567	77,567
	<u>7,396</u>	<u>–</u>	<u>1,215,695</u>	<u>1,223,091</u>

Section IX Financial Report

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

3. Financial Risk Management (Continued)

3.3 Fair value estimation (Continued)

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

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

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

4. Critical Accounting Estimates and Judgements

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

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

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

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

Section IX Financial Report

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

4. Critical Accounting Estimates and Judgements (Continued)

(b) Net realisable value of inventories

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

(c) Current and deferred income tax

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

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

(d) Impairment of financial assets

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

(e) Impairment of non-financial assets

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

Section IX Financial Report

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

5. Segment Information

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

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

6. Plant, Equipment and Property

	Buildings and freehold land <i>RMB'000</i>	Machinery and equipment <i>RMB'000</i>	Electronic and office equipment <i>RMB'000</i>	Tools, moulds, vehicles and others <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
For the six-month period ended June 30, 2023						
Opening net book amount as at January 1, 2023	5,183,611	7,512,175	1,745,238	562,066	3,133,499	18,136,589
Transfer	93,078	393,492	275,934	2,361	(764,865)	–
Other additions	29,972	48,953	51,162	202,839	1,926,344	2,259,270
Disposals	(3,896)	(38,434)	(30,216)	(5,633)	–	(78,179)
Depreciation	(196,851)	(555,461)	(234,906)	(154,521)	–	(1,141,739)
Currency translation difference	57,102	89,439	12,771	5,136	41,768	206,216
Closing net book amount as at June 30, 2023	5,163,016	7,450,164	1,819,983	612,248	4,336,746	19,382,157
For the six-month period ended June 30, 2022						
Opening net book amount as at January 1, 2022	5,207,656	7,654,983	1,631,686	519,848	1,976,817	16,990,990
Transfer	72,473	312,349	230,803	577	(616,202)	–
Other additions	29,125	54,898	25,902	183,164	1,042,788	1,335,877
Disposals	(8,009)	(35,557)	(15,882)	(11,624)	–	(71,072)
Depreciation	(192,442)	(518,378)	(243,157)	(170,374)	–	(1,124,351)
Currency translation difference	171,031	128,131	9,149	554	21,245	330,110
Closing net book amount as at June 30, 2022	5,279,834	7,596,426	1,638,501	522,145	2,424,648	17,461,554

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

7. Leases

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

	For the period ended June 30	
	2023 RMB'000	2022 RMB'000
Opening net book amount	575,442	595,393
Additions	45,319	33,946
Depreciation	(64,386)	(59,738)
Disposals	–	(837)
Currency translation difference	21,843	(6,538)
	<u>578,218</u>	<u>562,226</u>
Closing net book value	578,218	562,226

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

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
	Current portion	118,343
Non-current portion	435,272	476,982
	<u>553,615</u>	<u>594,676</u>

8. Land Use Rights

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

	For the period ended June 30	
	2023 RMB'000	2022 RMB'000
Opening net book value	997,751	995,398
Currency translation difference	472	621
Additions	32,393	26,574
Amortisation charges	(12,913)	(12,499)
	<u>1,017,703</u>	<u>1,010,094</u>
Closing net book value	1,017,703	1,010,094

Section IX Financial Report

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

9. Intangible Assets

	Goodwill <i>RMB'000</i>	Patents <i>RMB'000</i>	License fee <i>RMB'000</i>	Computer software <i>RMB'000</i>	Mining rights <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
For the six-month period ended June 30, 2023							
Opening net book amount as at January 1, 2023	154,941	854	17,055	52,729	108,001	6,863	340,443
Currency translation difference	-	-	568	252	-	-	820
Additions	-	225	-	15,928	-	90,084	106,237
Disposals	-	-	-	-	-	-	-
Amortisation charges	-	(230)	(1,751)	(14,402)	(3,770)	(4,302)	(24,455)
Closing net book amount as at June 30, 2023	154,941	849	15,872	54,507	104,231	92,645	423,045
For the six-month period ended June 30, 2022							
Opening net book amount as at January 1, 2022	154,941	-	18,835	41,310	115,541	7,985	338,612
Currency translation difference	-	-	938	38	-	(1)	975
Additions	-	-	-	27,765	-	977	28,742
Disposals	-	-	-	-	-	-	-
Amortisation charges	-	-	(1,645)	(14,989)	(3,801)	(683)	(21,118)
Closing net book amount as at June 30, 2022	154,941	-	18,128	54,124	111,740	8,278	347,211

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

10. Investments Under the Equity Method

	For the period ended June 30	
	2023 RMB'000	2022 RMB'000
Joint Venture		
Opening balance	44,564	43,478
Share of results	2,399	3,621
Closing balance	<u>46,963</u>	<u>47,099</u>

	For the period ended June 30	
	2023 RMB'000	2022 RMB'000
Associate		
Opening balance	205,476	185,346
Share of results	(834)	10,985
Provision for impairment	(29,146)	—
Closing balance	<u>175,496</u>	<u>196,331</u>

Section IX Financial Report

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

11. Deferred Income Tax Assets and Liabilities

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

	Deferred income tax assets <i>RMB'000</i>	Deferred income tax liabilities <i>RMB'000</i>
As at January 1, 2023	1,007,420	800,773
Recognised in the consolidated income statement	30,518	117,930
Effect of movements in exchange rates	21,399	21,399
As at June 30, 2023	<u>1,059,337</u>	<u>940,102</u>
Offsetting deferred income tax liabilities/deferred income tax assets	(677,679)	(677,679)
Net balance after offsetting as at June 30, 2023	<u>381,658</u>	<u>262,423</u>
	Deferred income tax assets <i>RMB'000</i>	Deferred income tax liabilities <i>RMB'000</i>
As at January 1, 2022	934,628	681,199
Recognised in the consolidated income statement	16,305	29,682
Effect of movements in exchange rates	27,120	27,120
As at June 30, 2022	<u>978,053</u>	<u>738,001</u>
Offsetting deferred income tax liabilities/deferred income tax assets	(556,261)	(556,261)
Net balance after offsetting as at June 30, 2022	<u>421,792</u>	<u>181,740</u>

Section IX Financial Report

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

12. Receivables, prepayments and other current assets

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Trade receivables due from third parties (Note(a)):		
Notes receivables	293,521	204,612
Trade receivables	5,815,579	5,274,948
Less: Provision for impairment	(25,478)	(17,594)
	<u>6,083,622</u>	<u>5,461,966</u>
Trade receivables – net		
	6,083,622	5,461,966
Other receivables due from third parties:		
Other receivables	446,987	448,974
Less: Provision for impairment	(4,984)	(4,984)
	<u>442,003</u>	<u>443,990</u>
Other receivables – net		
	442,003	443,990
Amount due from related parties (Note 27(c)):		
Other receivables (Note 27(c)(i))	8,808	3,923
Prepayments (Note 27(c)(ii))	136,985	1,798
	<u>145,793</u>	<u>5,721</u>
Others:		
Prepayments	277,143	234,137
Prepaid current income tax and value-added tax recoverable and refundable	117,065	279,969
	<u>394,208</u>	<u>514,106</u>
Trade and other receivables		
	<u>7,065,626</u>	<u>6,425,783</u>
Less: Non-current portion of amount of other receivables (i)	–	(316,416)
Trade and other receivables – net		
	<u>7,065,626</u>	<u>6,109,367</u>

Section IX Financial Report

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

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

- (i) The amount is related to the equity transaction of 75% shares of Fuyao Group Beijing Futong Safety Glass Co., Ltd. (hereinafter referred to as “Beijing Futong”) to a third party, Taiyuan Jinnuo Industrial Co., Ltd. (hereinafter referred to as “Taiyuan Jinnuo”) in 2018. The total consideration was RMB1,004 million, of which RMB683 million in relation to 51% of equity shares was received in 2018. The remaining RMB321 million in relation to 24% of equity shares would be past due before 31 December 2018. Taiyuan Jinnuo had made many requests to the Company for deferred payments. As considered and approved by the Board of Directors of the Company on June 17, 2021, Taiyuan Jinnuo was permitted to make the payment before June 30, 2024. According to the Equity transfer Agreement, Taiyuan Jinnuo shall pay interest to the Company quarterly at an annual interest rate of 3.85% based on the remaining 24% equity transfer price of Beijing Futong. For details, please refer to “(X) Material disposal of assets and equities” of “IV. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD” under “Section III Management Discussion and Analysis”.

According to the equity transfer agreement, if Taiyuan Jinnuo fails to pay the consideration of equity transfer on schedule and fails to pay the total penalty and overdue fine to the Company within 60 days after the default, Taiyuan Jinnuo shall return all the equity of Beijing Futong to the Company and the Company will not return consideration received from Taiyuan Jinnuo. The Company recognised the corresponding loss allowance according to the expected credit loss rate within lifetime.

At the end of the Reporting Period, the payment will be due within one year, and therefore will be transferred to other receivables, which is presented in the Interim Report.

- (a) Trade receivables, including notes receivables and trade receivables, are arising from sales of products. The credit period granted to customers is ranging from 1 month to 4 months. No interest is charged on the overdue trade receivables. The ageing analysis of trade receivables based on invoice date before provision for impairment as at June 30, 2023 and December 31, 2022 was as follows:

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Trade receivables – gross		
Within 3 months	5,778,390	5,080,868
3 to 6 months	267,508	345,459
6 to 12 months	44,082	35,937
Over 1 year	19,120	17,296
	<hr/>	<hr/>
Total	6,109,100	5,479,560

Section IX Financial Report

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

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

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Financial assets at fair value through profit or loss		
Current assets		
– Equity instrument investment – held for trading (a)	5,135	7,396
Financial assets at fair value through other comprehensive income		
Non-current assets		
– Unlisted equity securities (b)	97,567	77,567
Current assets		
– Note Receivable (c)	1,574,044	1,138,128

- (a) The held-for-trading equity instrument investment shares are the distribution of customer debt restructuring obtained by subsidiaries and the fair value of the held-for-trading equity instrument investment were determined based on the closing price of the Stock Exchange on the last trading day during the Reporting Period.
- (b) The unlisted equity securities is the Group's subscription of 4.55% of the equity interests of China National Automobile (Beijing) Intelligent Connected Vehicle Research Institute Co., Ltd., and acquired 11.24% equity interests of Glass New Material Innovation Center (Anhui) Co., Ltd during the Reporting Period, while the Group has no significant influence on such companies. These equity interests are non-trading equity instruments, and are designated and accounted as "a financial assets at fair value through other comprehensive income".
- (c) The Group discounted and endorsed part of bank acceptance notes and terminated their recognition according to its daily fund management needs. Therefore, the Group classified and presented bank acceptance notes as financial assets at fair value through other comprehensive income.

Section IX Financial Report

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

14. Share Capital

Ordinary shares, issued and fully paid:

	Number of A shares Thousands	Number of H shares Thousands	A shares of RMB1 each RMB'000	H shares of RMB1 each RMB'000	Total share capital RMB'000
As at January 1, 2023 and June 30, 2023	2,002,986	606,758	2,002,986	606,758	2,609,744
As at January 1, 2022 and June 30, 2022	2,002,986	606,758	2,002,986	606,758	2,609,744

15. Share Premium and Other Reserves

	Share premium RMB'000	Statutory reserves RMB'000	Foreign currency translation differences RMB'000	Other reserves		Total RMB'000
				comprehensive income RMB'000	Financial assets at fair value through other Capital reserve RMB'000	
As at January 1, 2023	9,680,392	3,581,885	114,652	6,184	20,359	3,723,080
Foreign currency translation differences	-	-	218,435	-	-	218,435
As at June 30, 2023	9,680,392	3,581,885	333,087	6,184	20,359	3,941,515
As at January 1, 2022	9,680,392	3,180,340	(430,305)	-	20,359	2,770,394
Foreign currency translation differences	-	-	474,674	-	-	474,674
As at June 30, 2022	9,680,392	3,180,340	44,369	-	20,359	3,245,068

Section IX Financial Report

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

16. Borrowings

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

	As at June 30, 2023 <i>RMB'000</i>	As at December 31, 2022 <i>RMB'000</i>
Non-current	6,633,000	3,007,000
Current	10,416,405	9,405,383
Total borrowings	<u>17,049,405</u>	<u>12,412,383</u>

(2) Movement in borrowings is analysed as follows:

	For the period ended June 30	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Opening net book amount	12,412,383	10,588,440
Additions	10,963,546	8,632,237
Deduction	(6,326,524)	(5,471,756)
Closing net book amount	<u>17,049,405</u>	<u>13,748,921</u>

17. Long-term Payables

	As at June 30, 2023 <i>RMB'000</i>	As at December 31, 2022 <i>RMB'000</i>
Payables for proceeds from transfer of mining rights	62,983	69,424
Less: long-term payables maturing within one year	(5,066)	(4,951)
	<u>57,917</u>	<u>64,473</u>

According to the Interim Measures for the Administration of the Collection of Mining Right Transfer Profits, the Group's quartz sand mine mining rights in Wenchang City, Hainan Province are subject to levy on transfer proceeds. During the Reporting Period, the Group paid RMB8,026,000, (the same period in 2022: RMB8,026,000) and will pay the remaining part annually till 2033.

Section IX Financial Report

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

18. Deferred Income on Government Grants

	For the period ended June 30	
	2023 RMB'000	2022 RMB'000
At beginning of the period	671,050	677,683
Government grants received during the period ^(a)	111,018	31,690
Credited to the consolidated income statement	(44,442)	(41,759)
Foreign currency statement translation	301	579
	<hr/>	<hr/>
At end of the period	737,927	668,193

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

19. Trade and Other Payables

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Notes payable	2,474,523	2,128,400
Payables to third parties	1,966,986	1,964,981
Staff salaries payables	548,695	660,390
Payables for purchasing of property, plant and equipment	311,481	434,944
Freight payable	176,876	209,451
Amount due to related parties <i>(Note 27(c))</i>	108,348	94,626
Accrued taxes other than income tax	88,787	72,799
Dividends payable	57,732	–
Other payables and accruals	886,047	1,003,247
	<hr/>	<hr/>
	6,619,475	6,568,838

Section IX Financial Report

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

19. Trade and Other Payables (Continued)

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

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Within 3 months	3,309,055	3,174,644
3 to 6 months	1,106,657	892,795
6 to 12 months	16,885	16,202
Over 1 year	8,912	9,740
	<u>4,441,509</u>	<u>4,093,381</u>

20. Revenue and Cost of Sales

	For the period ended June 30			
	2023		2022	
	Revenue RMB'000	Cost of sales RMB'000	Revenue RMB'000	Cost of sales RMB'000
Automobile glasses	13,368,194	9,511,271	11,703,635	8,373,649
Float glasses	2,569,481	1,904,101	2,058,134	1,478,961
Others	2,000,880	1,451,618	1,437,965	967,873
Sub-total	17,938,555	12,866,990	15,199,734	10,820,483
Less: Intra-group sales	(2,907,296)	(2,850,300)	(2,296,035)	(2,225,750)
	<u>15,031,259</u>	<u>10,016,690</u>	<u>12,903,699</u>	<u>8,594,733</u>

Section IX Financial Report

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

21. Other Gains/(Losses) – Net

	For the period ended June 30	
	2023	2022
	RMB'000	RMB'000
Foreign exchange gains	599,209	508,882
Changes in fair value of financial assets at fair value through profit or loss and derivative financial instruments	(2,261)	(1,797)
Loss on disposal of note receivable at fair value through other comprehensive income	(3,681)	(1,019)
Loss on disposal of property, plant and equipment	(35,139)	(36,545)
Donation	(660)	(685)
Net gain on claim	2,678	14,771
Extraordinary losses	–	(1,067)
Impairment loss on investments in a joint venture	(29,146)	–
Others	2,401	2,451
	<u>533,401</u>	<u>484,991</u>

22. Operating Profit

	For the period ended June 30	
	2023	2022
	RMB'000	RMB'000
The following items have been charged to the operating profit during the period:		
Employee benefit expenses	2,830,733	2,400,695
Depreciation of property, plant and equipment (Note 6)	1,141,739	1,124,351
Packing expenses	278,688	261,605
storage and distribution expenses	147,202	127,674
Depreciation of right of use assets (Note 7)	64,386	59,738
Amortisation of intangible assets (Note 9)	24,455	21,118
Amortisation of land use rights (Note 8)	12,913	12,499
Write-down inventories to net realisable value	6,993	2,982
	<u>6,993</u>	<u>2,982</u>

Section IX Financial Report

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

23. Income Tax Expense

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

	For the period ended June 30	
	2023 RMB'000	2022 RMB'000
Current income tax	395,858	275,590
Deferred income tax (Note 11)	87,412	13,377
Income tax expense	<u>483,270</u>	<u>288,967</u>

(a) PRC corporate income tax

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

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

(b) Hong Kong profits tax

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

(c) American profits tax

Applicable profit tax rates of the Group's subsidiaries in the United States of America are 25.64% and 27% for different subsidiaries respectively. Fuyao North America Glass Industry Co., Ltd. calculates profits tax at a rate of 26% on the estimated assessable profits for the period. Besides, Fuyao Glass America Co., Ltd., Fuyao Glass Illinois Co., Ltd. and Fuyao America C Assets Co., Ltd. jointly reported that the deductible losses of previous years were used in the current period, so state tax was only paid in some states based on the taxable profits after making up the losses. Other subsidiaries has provided no profit tax due to the unutilized tax losses during the period.

Section IX Financial Report

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

23. Income Tax Expense (Continued)

(d) Russian profits tax

Applicable profit tax rate of Russia is 20%. No profit tax has been paid due to losses incurred during the Reporting Period.

(e) German profits tax

Applicable profit tax rate of Germany is 28.43% and 28.78%. During the period, no profit tax has been provided due to accumulated losses.

The tax on the Group's profit before tax differs from the theoretical amount that could arise from using the statutory tax rates of 10% to 31% applicable as follows:

	For the period ended June 30	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Profit before tax	3,319,542	2,669,215
Tax calculated at the applicable income tax rate	906,917	711,365
Tax effect of:		
Expenses not deductible for tax purpose	2,367	26,561
Income not subject to income tax	(16,894)	(5,282)
Preferential income tax rate	(303,177)	(223,763)
Unrecognised tax losses carried forward	38,101	34,487
Currently unrecognised deductible temporary differences	–	806
Utilisation of previously unrecognised deductible temporary differences	(496)	(3,515)
Utilisation of previously unrecognised tax losses	(31,600)	(167,300)
Withholding taxation on unremitted earnings of certain subsidiaries	46,399	2,825
Others	(158,347)	(87,217)
Income tax expense	483,270	288,967

Section IX Financial Report

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

24. Earnings per Share

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

	For the period ended June 30	
	2023 RMB'000	2022 RMB'000
Profit for the Reporting Period attributable to owners of the Company (RMB'000)	2,835,951	2,381,629
Weighted average number of ordinary shares in issue (thousand)	2,609,744	2,609,744
Basic earnings per share (RMB)	<u>1.09</u>	<u>0.91</u>

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

25. Dividends

	For the period ended June 30	
	2023 RMB'000	2022 RMB'000
Dividends proposed by the Company	<u>—</u>	<u>—</u>

For the period ended June 30, 2023 and June 30, 2022, no dividend of corresponding period was proposed by the directors of the Company.

26. Commitments

(1) Capital commitments

As at June 30, 2023 and December 31, 2022, capital expenditure contracted for but not yet incurred is as follows:

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Property, plant and equipment	<u>2,462,235</u>	<u>2,185,979</u>

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

27. Related Party Transactions

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

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business and balances arising from related party transactions during the period ended June 30, 2023 and 2022:

(a) Name of and relationship with related parties

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

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

I. Sales of goods, provision of services

	For the period ended June 30	
	2023 RMB'000	2022 RMB'000
Tri-Wall Packaging (Fuzhou) Co., Ltd.	2,176	2,231
Jinken Glass Industry Shuangliao Co., Ltd.	481	341
	<u>2,657</u>	<u>2,572</u>

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

27. Related Party Transactions (Continued)

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

II. Purchase of goods, services

	For the period ended June 30	
	2023 RMB'000	2022 RMB'000
Jinken Glass Industry Shuangliao Co., Ltd.	63,540	150,608
Tri-Wall Packaging (Fuzhou) Co., Ltd.	38,270	44,776
Fuyao Group Beijing Futong Safety Glass Co., Ltd.	2,160	2,388
Fujian Triplex Auto Parts Development Co., Ltd.*	52	28
	<u>104,022</u>	<u>197,800</u>

III. Rental income

	For the period ended June 30	
	2023 RMB'000	2022 RMB'000
Jinken Glass Industry Shuangliao Co., Ltd.	108	126
	<u>108</u>	<u>126</u>

IV. Rent payment

	For the period ended June 30	
	2023 RMB'000	2022 RMB'000
Fujian Yaohua Industrial Village Development Co., Ltd.*	32,823	32,823
Global Cosmos German Co., Ltd. *	20,826	19,137
Fujian Triplex Auto Parts Development Co., Ltd.*	4,020	3,180
Jinken Glass Industry Shuangliao Co., Ltd.	145	46
Total	<u>57,814</u>	<u>55,186</u>

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

27. Related Party Transactions (Continued)

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

IV. Rent payment (Continued)

Note: The above "Rent payment" refers to the rent actually paid by the Company to the lessor in accordance with the contract. According to the contract, the Company shall pay the rent to Fujian Yaohua Industrial Village Development Co., Ltd. for the next year from December of each year to January of the next year; pay the rent to Global Cosmos German Co., Ltd. for the year before June 30 of each year; pay the rent to Fujian Triplex Auto Parts Development Co., Ltd. on the first day of each month. Therefore, the rent (tax exclusive) of Fujian Yaohua Industrial Village Development Co., Ltd., Global Cosmos German Co., Ltd. and Fujian Triplex Auto Parts Development Co., Ltd. undertaken by the Company in the first half of the year amounted to RMB16,412,000, RMB10,413,000 and RMB4,020,000, respectively.

V. Increased interest on lease liabilities as a lessee

	For the period ended June 30	
	2023 RMB'000	2022 RMB'000
Fujian Yaohua Industrial Village Development Co., Ltd.*	601	1,180
Global Cosmos German Co., Ltd.*	970	1,045
Fujian Triplex Auto Parts Development Co., Ltd.*	453	577
	2,024	2,802

VI. Key management compensation

	For the period ended June 30	
	2023 RMB'000	2022 RMB'000
Salaries, wages and short-term employee benefits	22,046	20,366
Post-employment benefits	226	217
	22,272	20,583

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

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

27. Related Party Transactions (Continued)

(c) Balances with related parties

Amount due from related parties:

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Other receivables (i)	8,808	3,923
Prepayments (ii)	136,985	1,798
	<u>145,793</u>	<u>5,721</u>

(i) Other receivables:

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Fuyao Group Beijing Futong Safety Glass Co., Ltd.	6,907	3,208
Fujian Triplex Auto Parts Development Co., Ltd.	1,500	–
Tri-Wall Packaging (Fuzhou) Co., Ltd.	360	313
Jinken Glass Industry Shuangliao Co., Ltd.	41	148
Global Cosmos German Co., Ltd.	–	254
	<u>8,808</u>	<u>3,923</u>

(ii) Prepayments:

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Fujian Yaohua Industrial Village Development Co., Ltd.	136,865	–
Jinken Glass Industry Shuangliao Co., Ltd.	120	1,798
Total	<u>136,985</u>	<u>1,798</u>

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

27. Related Party Transactions (Continued)

(c) Balances with related parties (Continued)

Amount due to related parties:

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Trade payables (iii)	14,800	60,328
Other payables (iv)	93,548	34,298
Lease liabilities (v)	171,559	233,172
	<u>279,907</u>	<u>327,798</u>

(iii) Trade payables:

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Tri-Wall Packaging (Fuzhou) Co., Ltd.	7,620	7,855
Jinken Glass Industry Shuangliao Co., Ltd.	7,180	52,473
	<u>14,800</u>	<u>60,328</u>

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

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Within 3 months	14,800	60,116
3 to 6 months	–	212
	<u>14,800</u>	<u>60,328</u>

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

27. Related Party Transactions (Continued)

(c) Balances with related parties (Continued)

(iv) Other payables to related parties:

	As at June 30, 2023 <i>RMB'000</i>	As at December 31, 2022 <i>RMB'000</i>
Jinken Glass Industry Shuangliao Co., Ltd.	50,341	–
Fuyao Group Beijing Futong Safety Glass Co., Ltd.	43,207	33,587
Fujian Triplex Auto Parts Development Co., Ltd.	–	711
	<u>93,548</u>	<u>34,298</u>

(v) Lease liabilities:

	As at June 30, 2023 <i>RMB'000</i>	As at December 31, 2022 <i>RMB'000</i>
Global Cosmos German Co., Ltd.	120,906	147,570
Fujian Yaohua Industrial Village Development Co., Ltd.	32,222	64,444
Fujian Triplex Auto Parts Development Co., Ltd.	18,431	21,158
	<u>171,559</u>	<u>233,172</u>