



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



Important Notice

- I. **The Board of Directors, the Board of Supervisors and the directors, supervisors and senior management of the Company warrant that the content of this annual report is true, accurate and complete and there are no false representations, misleading statements contained in or material omissions from this annual report, and severally and jointly accept legal responsibility therefor.**
- II. **All the directors of the Company have attended the Board meeting.**
- III. **Ernst & Young has issued standard unqualified audit reports for the Company.**
- IV. **Cho Tak Wong, the person-in-charge of the Company, Chen Xiangming, the person-in-charge of accounting affairs and Qiu Yongnian, the head of the accounting department (person-in-charge of accounting), warrant the truthfulness, accuracy and completeness of the financial report contained in this annual report.**
- V. **Plan for profit distribution or conversion of capital reserves into share capital as approved by the Board in the Reporting Period**

As audited by Ernst & Young Hua Ming LLP, the net profit attributable to shareholders of ordinary shares of the Company for the year of 2024 as shown on the consolidated financial statements prepared in accordance with the China Accounting Standards for Business Enterprises amounted to RMB7,497,976,123. As audited by Ernst & Young, the net profit attributable to shareholders of ordinary shares of the Company for the year of 2024 as shown on the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) amounted to RMB7,497,392,166.

As audited by Ernst & Young Hua Ming LLP, the net profit for the year of 2024 as shown on the Company's financial statements prepared in accordance with the China Accounting Standards for Business Enterprises amounted to RMB4,864,758,863; adding the undistributed profits of RMB7,732,348,937 at the beginning of the year of 2024, deducting the distributed profits of RMB3,392,666,592 for the year of 2023, and after appropriating 10% of the net profit of the Company for the year of 2024 to the statutory surplus reserve amounting to RMB486,475,886, the profits distributable to the shareholders of the Company as at December 31, 2024 amounted to RMB8,717,965,322.

The profit distribution plan for the year of 2024 as proposed by the Company is as follows: Based on the total number of shares registered on the record date in respect of the equity distribution for the year of 2024, the Company proposes to distribute cash dividends to the holders of A shares and holders of H shares whose names appear on the register of members on the record date in respect of the equity registration for the year of 2024, with a cash dividend of RMB1.80 (tax inclusive) per share, and the remaining undistributed profits of the Company will be carried forward to the following year. As of December 31, 2024, the total number of shares of the Company was 2,609,743,532, base on which, the total cash dividend proposed to be distributed was RMB4,697,538,357.60 (tax inclusive). The aforesaid amount of cash dividend proposed to be distributed accounted for 62.65% of the net profit attributable to shareholders of ordinary shares of the Company in the consolidated financial statements of the year prepared by the Company in accordance with the China Accounting Standards for Business Enterprises. The Company will not carry out bonus issue and conversion of capital reserve into share capital for the year of 2024. The cash dividends distributed by the Company are denominated and declared in RMB and payable in RMB to holders of A shares, and in HKD to holders of H shares.

If the total number of shares of the Company changes between the date of disclosure of such profit distribution plan and the record date for the implementation of equity distribution, the Company proposes to maintain the distribution ratio per share unchanged and make adjustment to the total distribution accordingly. The details of adjustments will be published separately.

- VI. **Risks associated with forward-looking statements**

The forward-looking statements contained in this annual report such as future plans and development strategies do not constitute substantive commitment of the Company to investors. Investors should be aware of the investment risks.
- VII. **Any appropriation of fund by the controlling shareholder and its connected parties for non-operating purpose**

No
- VIII. **Any provision of external guarantee in violation of the stipulated decision-making procedure**

No
- IX. **Whether more than half of the directors are unable to provide assurance as to the truthfulness, accuracy and completeness of the annual report disclosed by the Company**

No
- X. **Material risk alert**

The Company has described in detail the potential risks it may face in this annual report. For further information, please refer to "(IV) Potential Risks" under "II. Discussion and Analysis on the Future Development of the Company" of "Section IV Report of the Board of Directors".

Contents

Section I	Chairman's Statement	2
Section II	Definitions	3
Section III	Corporate Profile and Principal Financial Indicators	5
Section IV	Report of the Board of Directors	11
Section V	Management Discussion and Analysis	29
Section VI	Company Governance and Corporate Governance Report	49
Section VII	Environmental and Social Responsibility	91
Section VIII	Significant Events	102
Section IX	Changes in Shares and Information of Shareholders	115
Section X	Relevant Information on Bonds	122
Section XI	Financial Report	124
Section XII	Business Performance Highlights for the Previous Five Years	233



Section I Chairman's Statement

Dear Shareholders:

First of all, on behalf of the Group's Board of Directors and all employees of Fuyao, I would like to express our sincere gratitude to everyone. In the tumultuous global economy of 2024, the domestic economy has entered a period of profound adjustment. In the face of formidable challenges and obstacles, we have always been able to overcome and create new opportunities. Thanks to the joint efforts of all Fuyao employees, the Company has exceeded its main production and operation targets for the whole year. This is truly an extraordinary achievement that has been earned through hard work.

During the Reporting Period, the Company, on a consolidated basis, realized revenue of RMB39,251,657,000, representing an increase of 18.37% as compared with the corresponding period last year; realized profit before tax of RMB8,990,236,000, representing an increase of 33.87% as compared with the corresponding period last year; realized annual profit attributable to owners of the Company of RMB 7,497,392,000, representing an increase of 33.20% as compared with the corresponding period last year; and realized earnings per share of RMB2.87, representing an increase of 32.87% as compared with the corresponding period last year.

In 2025, economic uncertainty may persist throughout the year, with even complex and challenging external environment. However, we have unique advantages, including strong production capacity, the best team in the global industry, a large and loyal customer base, an excellent R&D team, and the ability to work together as an "army". I believe that by fully leveraging these strengths, we can achieve our goals in 2025 and stay at the forefront of the times.

To prepare for potential challenges, we must focus on improving our quality planning capabilities. Quality is the foundation of everything and we must adhere to a prevention-first strategy in order to ensure the quality of our products and services. Additionally, success depends on teamwork and we must eliminate individual heroism. Teamwork is essential for any success. We must also be aware of the current business environment and approach it with humility, honesty, and a practical attitude, avoiding complacency and staying the course.

To our respected shareholders, let us carry our dreams and move forward steadily, creating a more brilliant tomorrow together.

Chairman: **Cho Tak Wong**



Section II Definitions

I. DEFINITIONS

In this report, unless the context otherwise requires, the following expressions shall have the 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 Law	the Company Law of the People's Republic of China
Securities Law	the Securities Law of the People's Republic of China
Company, Listed Company, Fuyao Glass, Fuyao	Fuyao Glass Industry Group Co., Ltd.
Group	Fuyao Glass Industry Group Co., Ltd. and its subsidiaries
Board of Directors	the board of directors of the Company
Board of Supervisors	the board of supervisors of the Company
Articles of Association	the articles of association of the Company currently in force
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 components 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 of two or more than two layers of automobile float glass held in place by one or more interlayers of PVB



Section II Definitions

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 twelve months ended December 31, 2024
Latest Practicable Date	March 18, 2025, being the latest practicable date for including certain information herein prior to the publication of this annual report



Section III Corporate Profile and Principal Financial Indicators

I. COMPANY INFORMATION

Name of the Company in Chinese	福耀玻璃工業集團股份有限公司
Chinese abbreviation	福耀玻璃
Name of the Company in English	FUYAO GLASS INDUSTRY GROUP CO., LTD.
English abbreviation	FYG, FUYAO GLASS
Legal representative of the Company	Cho Tak Wong

II. CONTACT PERSONS AND CONTACT METHODS

Secretary to the Board of Directors Representative of 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. BASIC INFORMATION

Registered address of the Company	Fuyao Industrial Zone, Rongqiao Economic & Technological Development Zone, Fuqing City, Fujian Province
Historical changes of the registered address of the Company	None
Office address of the Company	District II of Fuyao Industrial Zone, Fuqing City, Fujian Province
Postal code of the office address of the Company	350301
Website of the Company	http://www.fuyaogroup.com
E-mail	600660@fuyaogroup.com
Principal place of business in Hong Kong	Room 1907, Shun Tak Centre, West Tower, 200 Connaught Road, Central, Hong Kong
Custodian of A shares	Shanghai Branch of China Securities Depository and Clearing Corporation Limited
Business address	No. 188 Yanggao South Road, Pudong New District, Shanghai
H share registrar	Computershare Hong Kong Investor Services Limited
Business address	Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong



Section III Corporate Profile and Principal Financial Indicators

IV. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Media and website on which the annual report of the Company is available
 Website of the stock exchange on which the annual report of the Company is published
 Place of inspection of the annual report of the Company

Shanghai Securities News, China Securities Journal and Securities Times
 SSE: <http://www.sse.com.cn>
 Hong Kong Stock Exchange: <http://www.hkexnews.hk>
 Secretarial Office of the Board of Directors of the Company, District II of Fuyao Industrial Zone, Fuqing City

V. INFORMATION ON THE COMPANY'S SHARES

Information on the Company's Shares			
Class of shares	Stock exchange on which shares are listed	Stock abbreviation	Stock code
A Shares	SSE	FUYAO GLASS	600660
H Shares	Hong Kong Stock Exchange	FUYAO GLASS	3606

VI. OTHER RELEVANT INFORMATION

Auditors engaged by the Company (domestic)	Name	Ernst & Young Hua Ming LLP
	Office address	Level 17, Ernst & Young Tower, Oriental Plaza, 1 East Chang An Ave, Dongcheng District, Beijing, the PRC
Auditors engaged by the Company (overseas)	Name of signing accountants	Xie Feng, Fu Jun
	Name	Ernst & Young
	Office address	27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
	Name of signing accountant	Lee Mee Kwan, Helena



Section III Corporate Profile and Principal Financial Indicators

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

(I) Principal accounting data

Unit: '000 Currency: RMB

Principal accounting data	2024	2023	Increase/decrease for the Reporting Period as compared with the corresponding period last year (%)	2022
Revenue	39,251,657	33,160,997	18.37	28,098,754
Annual profit attributable to owners of the Company	7,497,392	5,628,684	33.20	4,755,033
Annual profit attributable to owners of the Company, net of non-recurring profits or losses	7,446,000	5,527,468	34.71	4,665,706
Net cash flow generated from operating activities	8,562,188	7,624,582	12.30	5,590,337
	As at the end of 2024	As at the end of 2023	Increase/decrease as at the end of the Reporting Period as compared with the end of the corresponding period last year (%)	As at the end of 2022
Equity attributable to owners of the Company	35,703,839	31,436,239	13.58	29,013,638
Total assets	63,263,654	56,640,463	11.69	50,778,126

Note: The "annual profit attributable to owners of the Company, net of non-recurring profits or losses" was prepared in accordance with the China Accounting Standards for Business Enterprises.



Section III Corporate Profile and Principal Financial Indicators

(II) Principal financial indicators

Unit: Yuan Currency: RMB

Principal financial indicators	2024	2023	Increase/decrease for the Reporting Period as compared with the corresponding period last year (%)	
			2023	2022
Basic earnings per share (RMB/share)	2.87	2.16	32.87	1.82
Diluted earnings per share (RMB/share)	2.87	2.16	32.87	1.82
Return on equity (%)	21.00	17.91	3.09	16.39

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

VIII. DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

(I) Differences between annual profit and equity attributable to owners of the Company in the financial statements prepared under IFRSs and those under the China Accounting Standards for Business Enterprises

Unit: '000 Currency: RMB

	Annual profit attributable to owners of the Company		Equity attributable to owners of the Company	
	For the Reporting Period	For the corresponding period of previous year	As at the end of the Reporting Period	As at the beginning of the Reporting Period
Prepared in accordance with the China Accounting Standards for Business Enterprises	7,497,976	5,629,256	35,694,366	31,426,182
Adjustments to items and amounts in accordance with IFRSs: Reversal of impairment for buildings and land use rights and the differences in corresponding depreciation and amortization	-584	-572	9,473	10,057
Prepared in accordance with IFRSs	7,497,392	5,628,684	35,703,839	31,436,239

Section III Corporate Profile and Principal Financial Indicators

(II) Explanation on the differences under domestic and overseas accounting standards

In addition to preparing the financial statements for H shares in accordance with IFRSs, the Company, with its A shares listed on the SSE, is also required to prepare financial statements in accordance with the China Accounting Standards for Business Enterprises. There are differences between the financial statements prepared by the Company in accordance with IFRSs and those prepared by the Company in accordance with the China Accounting Standards for Business Enterprises: Yung Tak Investment Limited, a subsidiary established by the Group in the Hong Kong Special Administrative Region, made provision for impairment with respect to the differences between recoverable amounts and carrying amounts of buildings and land use rights in previous years. The provision for long-term asset impairment was subject to the “Accounting Standards for Business Enterprises No. 8 – Assets Impairment” issued by the Ministry of Finance on February 15, 2006. Upon recognition, the loss on asset impairment of the Group shall not be reversed in subsequent accounting periods. Under IFRSs, the loss on asset impairment, excluding goodwill, recognized in previous periods should be reversed as there have changes in the estimates used by the Group for determining the recoverable amounts of assets since the last recognition of loss on impairment. The differences between IFRSs and the China Accounting Standards for Business Enterprises will have an impact on the provision for (and loss on) asset impairment of the Group, and operating results (depreciation/amortization) of the buildings and land use rights within their useful lives, thus resulting in the adjustments above.

IX. PRINCIPAL FINANCIAL DATA FOR THE YEAR OF 2024 BY QUARTER

Unit: '000 Currency: RMB

	First Quarter (From January to March)	Second Quarter (From April to June)	Third Quarter (From July to September)	Fourth Quarter (From October to December)
Revenue	8,835,665	9,504,066	9,973,782	10,938,144
Annual profit attributable to owners of the Company	1,387,683	2,110,635	1,980,040	2,019,034
Annual profit attributable to owners of the Company, net of non-recurring profits or losses	1,517,878	2,058,439	1,974,321	1,895,362
Net cash flow generated from operating activities	1,300,200	2,025,063	2,959,216	2,277,709

Notes:

1. The above financial data by quarter was unaudited.
2. The “annual profit attributable to owners of the Company, net of non-recurring profits or losses” was prepared in accordance with the China Accounting Standards for Business Enterprises.



Section III Corporate Profile and Principal Financial Indicators

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

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	Amount for the year of 2024	Amount for the year of 2023	Amount for the year of 2022
Profit or loss from disposal of non-current assets, including the portion offset from the provision for impairment of assets	-135,847,386	-100,067,948	-127,946,902
Government subsidies recorded under current profit or loss, other than those closely related to the normal business operation of the Company, in compliance with national policy requirements, enjoyed in accordance with defined standards and having a sustained impact on the Company's profit or loss	185,166,753	195,795,178	215,071,387
Profit or loss from changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and profit or loss from disposal of financial assets and financial liabilities, other than effective hedging activities related to normal business operations of the Company	1,941,956	-1,655,540	-18,397,177
Capital occupancy fee from non-financial enterprises recognized through current profit or loss			1,997,973
Reversal of impairment provision for receivables tested for impairment on individual basis	2,882,570	145,770	1,545,494
Other non-operating income and expenses apart from the aforesaid items	21,077,866	26,451,965	39,596,038
Less: Effects of income tax	22,632,029	18,310,357	21,045,640
Effects of minority interests (after tax)	613,266	570,844	931,183
Total	51,976,464	101,788,224	89,889,990

XI. ITEMS MEASURED AT FAIR VALUE

Unit: Yuan Currency: RMB

Name of items	Opening balance	Closing balance	Changes in the Reporting Period	Impact on profit for the Reporting Period
Equity instrument investment-held for trading	5,740,618	7,682,574	1,941,956	1,941,956
Equity of unlisted companies measured at fair value through other comprehensive income	91,054,345	82,682,735	-8,371,610	-
Notes receivable measured at fair value through other comprehensive income	1,314,917,637	1,921,465,582	606,547,945	-11,293,376
Total	1,411,712,600	2,011,830,891	600,118,291	-9,351,420

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

Section IV Report of the Board of Directors

I. BUSINESS REVIEW

(I) Review of the business of the Company

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

During the Reporting Period, the Company, on a consolidated basis, realized revenue of RMB39,251,657,000, representing an increase of 18.37% as compared with the corresponding period last year; realized profit before tax of RMB8,990,236,000, representing an increase of 33.87% as compared with the corresponding period last year, and realized annual profit attributable to owners of the Company of RMB 7,497,392,000, representing an increase of 33.20% as compared with the corresponding period last year; and realized earnings per share of RMB2.87, representing an increase of 32.87% as compared with the corresponding period last year.

For other details of the business review of the Company, please refer to this section and the subsection headed "I. Discussion and Analysis on Operation Results" in "Section V Management Discussion and Analysis".



Section IV Report of the Board of Directors

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

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

Financial indicators	Year ended December 31,		
	2024	2023	2022
Revenue growth ⁽¹⁾	18.37%	18.02%	19.05%
Growth in annual profit ⁽²⁾	33.31%	18.44%	51.23%
Gross profit margin ⁽³⁾	35.53%	34.14%	32.73%
Interest and profit before tax margin ⁽⁴⁾	23.64%	21.12%	20.88%
Annual profit margin ⁽⁵⁾	19.12%	16.97%	16.91%
Return on equity ⁽⁶⁾	21.00%	17.91%	16.39%
Return on total assets ⁽⁷⁾	11.86%	9.94%	9.36%
Gearing ratio ⁽⁸⁾	43.58%	44.52%	42.89%
Turnover period of trade receivables ⁽⁹⁾	92	85	79
Inventory turnover period ⁽¹⁰⁾	82	90	95

Note: (1) Revenue growth=(revenue for the period ÷ revenue for the previous period – 1) × 100%; (2) Growth in annual profit=(annual profit for the period ÷ annual profit for the previous period – 1) × 100%; (3) Gross profit margin=(gross profit for the period ÷ revenue) × 100%; (4) Interest and profit before tax margin=(sum of finance costs and profit before tax for the period ÷ revenue) × 100%; (5) Annual profit margin=(annual profit for the period ÷ revenue) × 100%; (6) Return on equity=(annual profit attributable to owners of the Company for the period ÷ equity attributable to owners of the Company) × 100%; (7) Return on total assets=(annual profit for the period ÷ total assets as at the end of the period) × 100%; (8) Gearing ratio=(total liabilities ÷ total assets) × 100%; (9) Turnover period of trade receivables=(trade receivables at the beginning of the period + trade receivables as at the end of the period) ÷ 2 ÷ revenue × 365 days, trade receivables include trade receivables and notes receivable (including notes receivable measured at fair value through other comprehensive income); (10) Inventory turnover period=[(balance of inventory as at the beginning of the period + balance of inventory as at the end of the period) ÷ 2] ÷ sales costs × 365 days.

The Company uses representative financial indicators relating to its profitability, operation capacity and solvency to analyse its growth potential. The Company's revenue in 2024 increased by 18.37% year on year, and the annual profit increased by 33.31% year on year, demonstrating a sustained enhancement in profitability. The turnover periods of trade receivables and inventories of the Company in 2024 were 92 days and 82 days, respectively, maintaining normal turnover efficiency level of the Company. The gearing ratio of the Company as at December 31, 2024 was 43.58%, maintaining strong solvency. The Company constantly strengthens its operation management, enhances its comprehensive competitiveness, and continuously creates value for its shareholders.

For details of other information, please refer to "Section V Management Discussion and Analysis".



Section IV Report of the Board of Directors

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

(I) The Industry landscape and development trend

According to statistics released by the China Association of Automobile Manufacturers, China's automobile production and sales volumes in 2024 amounted to 31.282 million units and 31.436 million units, respectively, representing year-on-year increases of 3.7% and 4.5%, and the production and sales volumes hit a new record high and continued to remain at a scale of more than 30 million units. As of 2024, China has ranked first in the world for 16 consecutive years in terms of automobile production and sales volumes.

For the automobile industry, in the short term, the automobile market continues to recover, but the domestic and international situation remains complex and severe, with increasing challenges and uncertainties. As China has increased its macro-control efforts, expanded domestic demand, optimized its structure and actively expanded its overseas markets, it has also promoted automobile consumption through the introduction and implementation of various policies and measures, such as optimizing purchase restriction policies, conducting a new round of automobile subsidies for rural areas, trade-ins, and renewing and optimizing the reduction of the purchase tax on new energy vehicles to the end of December 2027. With the continuous promotion of national policies to promote consumption and stabilize growth, China's automobile market is expected to continue to maintain a stable and good development trend.

In terms of the global automobile industrial structure, the proportion of developing countries in new automobile production and automobile ownership has been increasing, resulting in their greater influence; but there is still a tremendous gap between developing countries and developed countries in terms of automobile popularisation. In 2024, the automobile ownership per 100 population reached over 50 units in developed countries including the US, Japan and Germany, while in developing China, it was only approximately 25 units, much lower than that in major developed countries. In terms of China's population, the percentage of middle-income groups and GDP per capita, there is still growth potential in China's automobile consumption, and the comprehensive supply chain system within China provides robust support for the development of the automotive industry. Therefore, as a supporting industry of the automobile industry, there is still great room for development in the industry.

The automobile is developing towards the trend of "electrification, networking, intelligence and sharing" (new four modernizations) and the automobile industry has now entered a new stage of development characterized by diversified demands and an optimized structure. The penetration rate of new energy vehicles is increasing and smart vehicles have been made available in everyday use. Vehicles have transformed from simple transportation tools to "intelligent mobile terminal". Due to the development of new four modernizations, more and more new technologies are also being integrated into automobile glass. It puts forward new requirements for automobile glass and also provides new opportunities for the development of the automobile glass industry. Accordingly, automotive glass has developed towards "safety and comfort, energy conservation and environmental friendliness, beautiful appearance, and intelligence and integration" with growing share of the high value-added products such as smart and panoramic skylight glass, dimmable glass, head-up display glass and ultra-inoculation glass. The industry-leading position of Fuyao in terms of technology has brought structural opportunities to the sale of automotive glass of the Company.

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

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



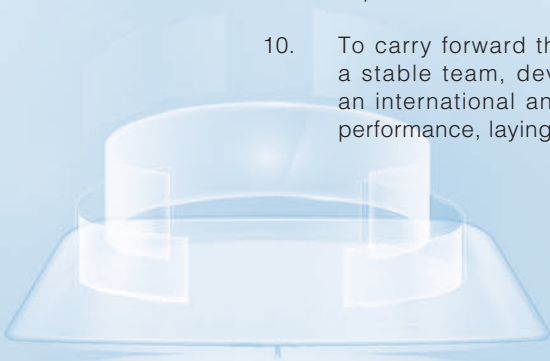
Section IV Report of the Board of Directors

(II) Development strategy of the Company

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

The plan of the Company is:

1. To extend the boundary of “a piece of glass”, strengthen the study on glass intelligence and the trend of glass integration, continue to promote the aluminum trim business and provide more comprehensive product solutions and services to users in the OEM and ARG markets.
2. To continuously promote the operating management mode of “combining moral standing, product, quality and taste on the driving forces of humanity and innovation” to achieve the quality goal of “advanced capabilities, high robustness and excellent performance” and continuously improve the quality management system covering all-employee, all-process, and all-value-chain with the “one-vote veto system for quality”.
3. To improve the process and incentive mechanism of management innovation and technological innovation with a customer-oriented, market-oriented and product-oriented approach to achieve development driven by technology.
4. To deepen comprehensively digital lean management from different dimensions, improve quality and efficiency, save energy and reduce costs, to enhance the anti-risk capacity of the enterprise.
5. To implement green and sustainable development, vigorously carry out energy-saving and consumption reduction measures, and promote green design, green manufacturing and green material applications, in order to build Fuyao into a benchmark enterprise for high-quality development characterized by “steady, innovative and green”.
6. To continue to play the leading role of sales, and improve sales management mechanism, continuously expand new market and new clients, maintain stable customer relations, establish a customer-centric service culture, improve customer satisfaction, enhance customer adhesion, and promote the development of Fuyao.
7. To further comprehensively strengthen management system combining intensive capital with budget, optimize capital structure, ensure safe and effective capital management, so as to ensure the maximization of capital efficiency.
8. To operate globally. The Company is undergoing transformation and upgrading in respect of organizational structure, corporate culture, investment and talent recruitment to improve its ability to provide services and create value for customers worldwide.
9. To achieve seamless data connectivity across various modules through digital construction, effectively carry out high-quality data collection and management, and enhance production efficiency and quality, innovation and research and development, as well as service and product experiences.
10. To carry forward the core values of “diligence, simplicity, learning and innovation”, maintain a stable team, develop and introduce talents, pursue coordinated development, establish an international and high-quality talent team with emphasizing mission, responsibilities and performance, laying human resources foundation for the high quality development of Fuyao.



Section IV Report of the Board of Directors

Opportunities for the Company:

1. With the upgrade of product consumption and technical progress, there is a growing demand for high value-added products, which provides new development opportunities for Fuyao. Shifting away from product operation to brand operation, Fuyao focuses on providing integrated total solutions and its corporate value has been on the rise.
2. The reasonable capital structure, sufficient cash flows, stable finance and exceptional operating capability of the Company have laid a good foundation for the sustainable development of the Company.
3. Its strong research and development capabilities, flexible production capacity and forward-looking capacity planning enable the Company to make quick response to the high requirements of design, development and mass production under the new four modernizations of vehicles.
4. Its reasonable overseas presence and relocation of production and operation bases to serve international customers can provide faster and more valuable services for the Company's development in overseas markets and constantly enhance the ability of customer services.
5. The Company has expanded its presence along the industry chain to the automotive decoration business, which not only solves the demand for necessary decorations for automotive glass integration, but is also conducive to the extension of the Company's business, which will create synergy between the automotive decoration business and the automotive glass business, further enhancing the cooperation stickiness between the Company and automotive plants.
6. The Company has established a global presence, which enables it to cope with challenges brought about by changes in the international landscape.

Challenges faced by the Company:

1. The complex world's economic and political situations, ongoing risks and uncertainties will bring challenges to the Company's operations.
2. In the information age, customers have growing requirements for response speed, which leads to higher requirements on the service and management level, the intelligence level and collaborative ability of the Company.
3. As the tendency of automotive intelligence and integration is highlighted, more and more new technologies are being integrated into automotive glass, and the upgrade of product consumption and technical progress pose new requirements on automotive glass and challenges on the Company's technological development.
4. To cope with its globalized operation and development, the Company is required to embrace the challenges in relation to, among others things, adapting to cultural differences, compliance with laws and arrangement of manpower in the countries where it operates.



Section IV Report of the Board of Directors

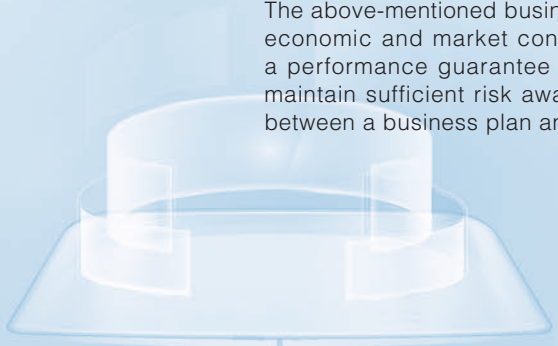
(III) Business plan

In 2025, economic uncertainty will persist throughout the year, exerting a profound impact on the global economy. In this regard, Fuyao will be prudent in every step of its operations:

1. to expand across multiple markets, both domestically and internationally, steadily increase OEM market share, intensify efforts in the ARG market, acquire new customers while retaining existing ones, optimize service levels, enhance customer satisfaction, and strengthen corporate competitiveness.
2. to ensure the successful construction and operation of the Anhui Hefei factory and the Fuzhou Yangxia export base, improve industrial layout, and meet customer demands.
3. to enhance market insights and technological insights, continuously improve technological innovation capabilities, actively develop new products and technologies in automotive glass, accelerate product upgrades and iterations, and lead the market through the launch of new products.
4. to continue to promote comprehensive lean management by starting with establishing five-star teams and gradually expanding to the development of five-star factories and companies, establish a distinctive lean five-star management model unique to Fuyao, driving sustained and stable company development through excellent management practices and efficient operational models.
5. To establish a digital quality management system that enables real-time data collection and monitoring throughout the production process, facilitating rapid responses, achieving self-diagnosis and self-correction, addressing quality issues at their inception, and to utilize quality big data analysis to enhance and elevate quality standards.
6. To integrate the low-carbon concept throughout every aspect of production operations by implementing measures in energy management, photovoltaic, green electricity, energy storage, and other areas to promote green sustainable development and ensure energy conservation.
7. To continue advancing the construction of a “human-oriented Fuyao” by designing a diverse curriculum system that encompasses professional skills, managerial capabilities, digital literacy, and other areas, and to vigorously conduct specialized talent training to comprehensively enhance employees’ professional knowledge and skills, provide clear career pathways, and empower growth.

In order to accomplish its business plan and goals for the year of 2025, the Company expects its funding needs throughout 2025 will be RMB47,298 million, of which operating expenditure, capital expenditure and payments of cash dividends will be RMB34,100 million, RMB8,500 million and RMB4,698 million, respectively. The Company plans to satisfy the funding needs through acceleration of collection of trade receivables and inventory turnover, optimization of the utilization of balance of funds, borrowings from financial institutions or issuance of debentures. In 2025, the Company will continue to enhance comprehensive budget management, accelerate the collection of trade receivables, strictly control exchange risks and optimize capital structure, thereby enhancing the security and effectiveness of capital management.

The above-mentioned business plan is mapped out based on the Company’s understanding of the current economic and market conditions and the position of the Company and therefore does not constitute a performance guarantee or substantive commitment by the Company to investors. Investors should maintain sufficient risk awareness in this regard, and should gain an understanding of the differences between a business plan and a performance guarantee.



Section IV Report of the Board of Directors

(IV) 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, among others, changes in the economy, politics, policies, laws, and wars. As the Chinese economy is in the stage of transformation and upgrading, the operations of the Company in the PRC might be affected. In addition, geopolitical conflicts, wars will deepen the impact on the economy and industry. In response, the Company will put more efforts in technological innovation, enhance the organization management, build new culture of Fuyao, strengthen its position in aftersales service market, ensure stable and healthy development in the PRC market and exploit the advantages of its global presence.

2. Risks associated with industry development

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



Section IV Report of the Board of Directors

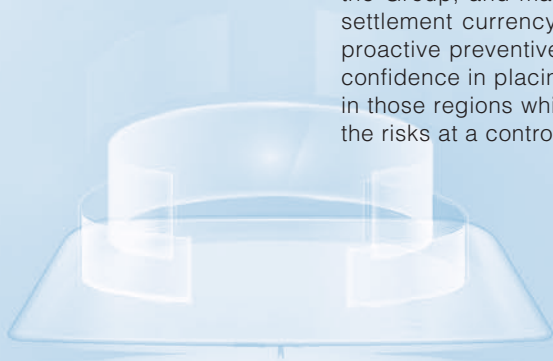
4. Risks associated with cost fluctuations

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

- (1) consolidate key material suppliers and develop cooperative partnership with them; set up a sound supplier evaluation and incentive mechanism to recognize outstanding suppliers; set up an iron-triangle management mechanism for suppliers of key materials and import of materials, focusing on areas such as procurement, technology and quality.
- (2) enhance the research on the price trends of raw materials and make purchases in a timely manner; expand supply channel to ensure a stable and effective supply chain.
- (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 for trucks and containers, reduce costs of packaging and logistics, enhance innovation in research and development and the application of research outcomes to increase productivity, improve management level and achieve overall efficiency.
- (4) strengthen customer loyalty and inspire their confidence in placing orders through setting up plants in Europe and the US for production and sale in those regions, and leverage certain of its strengths in the prices of materials, natural gas and electricity to avoid risks arising from cost fluctuations.
- (5) improve intellectual productivity and create value for the Company by devoting efforts to energy conservation in manufacturing and management, as well as product intelligence.

5. Risks associated with exchange rate fluctuations

China has reformed the RMB exchange rate mechanism on the principles of voluntarism, gradualism and controllability, and pursues a managed floating exchange rate regime that is based on market supply and demand and with reference to a basket of currencies. Although the underlying cause of imbalances in international trade lies in the issues behind the economic structure of certain countries, fluctuations in exchange rates will take place alongside the fluctuations in the global economy, turbulence in certain countries, growing tension in certain key areas, and the tightening and easing of monetary policies by different countries. Given that the 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.



Section IV Report of the Board of Directors

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

7. Cyber security risk

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

8. Data security risk

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



Section IV Report of the Board of Directors

9. Environmental and social risks

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

III. RESULTS

Please refer to "Consolidated Income Statement" of "Section XI Financial Report" for details of the annual results of the Company for the year ended December 31, 2024. Please refer to "Section XII Business Performance Highlights for the Previous Five Years" for details of the summary of the results of the Company for the last five financial years.

IV. DIVIDEND AND REDUCTION AND EXEMPTION OF DIVIDEND TAX

The profit distribution plan for the year of 2024 as proposed by the Company is as follows: Based on the total number of shares registered on the record date in respect of the equity distribution for the year of 2024, the Company proposes to distribute cash dividends to the holders of A shares and holders of H shares whose names appear on the register of members on the record date in respect of the equity registration for the year of 2024, with a cash dividend of RMB1.80 (tax inclusive) per share, and the remaining undistributed profits of the Company will be carried forward to the following year. As of December 31, 2024, the total number of shares of the Company was 2,609,743,532, base on which, the total cash dividend proposed to be distributed was RMB4,697,538,357.60 (tax inclusive). The aforesaid amount of cash dividend proposed to be distributed accounted for 62.65% of the net profit attributable to shareholders of ordinary shares of the Company in the consolidated financial statements of the year prepared by the Company in accordance with the China Accounting Standards for Business Enterprises. The Company will not carry out bonus issue and conversion of capital reserve into share capital for the year of 2024. Cash dividends distributed by the Company are denominated and declared in RMB and payable in RMB to holders of A shares, and in HKD to holders of H shares.

If the total number of shares of the Company changes between the date of disclosure of such profit distribution plan and the record date for the implementation of equity distribution, the Company proposes to maintain the distribution ratio per share unchanged and make adjustment to the total distribution accordingly. The details of adjustments will be published separately.

Subject to the approval of the 2024 profit distribution plan of the Company by shareholders at the forthcoming general meeting, the cash dividends will be paid within two months from the closing of the general meeting in accordance with the Articles of Association. Based on the existing working schedule of the Company, the dividends are expected to be paid on or before June 13, 2025. In the case of any change in the payment date mentioned above, the Company will make an announcement in a timely manner. The Company will announce the details regarding other specific matters on dividend distribution in due course.

For details of the formulation, implementation of, and adjustment to, the cash dividend policy of Company and the special description for cash dividend policy, please refer to "XXIII. Profit Distribution Plan or Plan to Convert Capital Reserve into Share Capital" of "Section VI Company Governance and Corporate Governance Report".

Section IV Report of the Board of Directors

Holders of A shares

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

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

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

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

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

Section IV Report of the Board of Directors

Pursuant to the requirements of the Notice of the Ministry of Finance, the State Administration of Taxation and the CSRC on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《財政部、國家稅務總局、中國證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), listed companies shall withhold an income tax at the rate of 10% on dividends from the A shares of the company invested by Hong Kong investors (including enterprises and individuals) through the Shenzhen Stock Exchange, and apply for withholding via the competent tax authorities (before the Hong Kong Securities Clearing Company Limited is able to provide details such as investor identities and holding periods to China Securities Depository and Clearing Corporation Limited, the policy of differentiated rates of taxation based on holding periods will temporarily not be implemented). For investors who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authority of the listed company for the entitlement of the rate under such tax treaty. Upon approval by the competent tax authority, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

Holders of H shares

In accordance with the requirements of the Circular on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) promulgated by the Ministry of Finance and the State Administration of Taxation on May 13, 1994, overseas individuals are, as an interim measure, exempted from the PRC individual income tax for dividends or bonuses received from foreign-invested enterprises. As the Company is a foreign-invested enterprise, the Company will not withhold and pay the individual income tax on behalf of individual shareholders when the Company distributes the dividends for the year ended December 31, 2024 to overseas individual shareholders whose names appear on the register of members of H shares of the Company.

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

According to the requirements of the Notice of the Ministry of Finance, the State Administration of Taxation and the CSRC on the Tax Policies Concerning the Pilot Program of the Shanghai Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《財政部、國家稅務總局、中國證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), H-share companies shall withhold an individual income tax at the rate of 20% on dividends from the H shares of the company invested by mainland individual investors on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect. For dividends of the shares listed on the Hong Kong Stock Exchange received by mainland securities investment funds from investment through the Shanghai-Hong Kong Stock Connect, individual income tax shall be calculated in accordance with the above requirements. For dividends of the shares listed on the Hong Kong Stock Exchange received by mainland enterprise investors from investment through the Shanghai-Hong Kong Stock Connect, H-share companies shall not withhold income tax of dividends, and mainland enterprise investors shall report and pay the tax amount by themselves. In particular, the dividends received by resident enterprises in mainland which hold H shares for at least 12 consecutive months shall be exempted from enterprise income tax according to law.



Section IV Report of the Board of Directors

According to the requirements of the Notice of the Ministry of Finance, the State Administration of Taxation and the CSRC on the Tax Policies Concerning the Pilot Program of the Shenzhen Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《財政部、國家稅務總局、中國證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), H-share companies shall withhold an individual income tax at the rate of 20% on dividends from the H shares of the company invested by mainland individual investors on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect. For dividends of the shares listed on the Hong Kong Stock Exchange received by mainland securities investment funds from investment through the Shenzhen-Hong Kong Stock Connect, individual income tax shall be calculated in accordance with the above requirements. For dividends of the shares listed on the Hong Kong Stock Exchange received by mainland enterprise investors from investment through the Shenzhen-Hong Kong Stock Connect, H-share companies shall not withhold income tax of dividends, and mainland enterprise investors shall report and pay the tax amount by themselves. In particular, the dividends received by resident enterprises in mainland which hold H shares for at least 12 consecutive months could be exempted from enterprise income tax according to law.

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

V. UTILIZATION OF THE PROCEEDS FROM H SHARE OFFERING

Upon approval by the CSRC, as evidenced by the Reply on 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) (《關於核准福耀玻璃工業集團股份有限公司增發境外上市外資股的批覆》(證監許可[2021]1495號)), the Company completed the issuance of 101,126,000 additional overseas listed foreign shares (H shares) at a placing price of HKD42.90 per share on May 10, 2021. After deducting underwriting fees and other issuance expenses (translated 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 received by the Company amounted to HKD4,312.78 million. As at December 31, 2024, the utilization of proceeds from H share offering of the Company is as follows:

Unit: HKD million

Proposed use of the proceeds	Planned use of the net proceeds	Utilized net proceeds	Unutilized net proceeds as at December 31, 2024	Expected timeline of use of the proceeds
Replenishment of working capital and optimization of the capital structure of the Group	2,587.67	2,369.32	218.35	2025
Repayment of interest-bearing debts	646.92	646.92	0	
Investment in R&D projects	646.92	646.92	0	
Expansion of photovoltaic glass market and general corporate use	431.27	431.27	0	
Total	4,312.78	4,094.43	218.35	



Section IV Report of the Board of Directors

VI. CONNECTED TRANSACTIONS

Please refer to “VI. Substantial Connected Transactions” of “Section VIII Significant Events” for the details of the connected transactions of the Company.

VII. DONATION

During the Reporting Period, the total external donations of the Group amounted to RMB3,276,000.

VIII. PROPERTY, PLANT AND EQUIPMENT

Please refer to “Note 15 Property, Plant and Equipment of the Notes to the Consolidated Financial Statements” of “Section XI Financial Report” for the details of the changes in property, plant and equipment of the Company.

IX. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Please refer to “Note 1 Corporate Information-Information about subsidiaries and Note 19 Investments Accounted for Using the Equity Method of the Notes to the Consolidated Financial Statements” of “Section XI Financial Report” for the details of the interests of the Company in major subsidiaries, joint ventures and associates as at December 31, 2024.

X. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Please refer to “V. Directors, Supervisors and Senior Management” of “Section VI Company Governance and Corporate Governance Report” for details.

XI. PERMITTED INDEMNITY PROVISION

As at December 31, 2024, the Company maintained directors', supervisors' and senior management's liability insurance for all of its directors, supervisors and senior management members.

XII. MANAGEMENT CONTRACTS

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

XIII. DISCLOSURE OF INTERESTS

Please refer to “Section IX Changes in Shares and Information of Shareholders” for the details of the disclosure of interests of directors, supervisors, chief executives and substantial shareholders of Company.



Section IV Report of the Board of Directors

XIV. PURCHASE, DISPOSAL OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

No purchase, sale or redemption of any listed securities (including any sale of treasury shares) of the Company or its subsidiaries was made during the Reporting Period, except for the bond issuance described in “Section X Relevant Information on Bonds” in this report.

As at December 31, 2024, the Company did not hold any treasury shares.

XV. MINIMUM PUBLIC FLOAT

As at the Latest Practicable Date, according to the publicly available information and to the best knowledge of the directors of the Company, the Company has met the requirements about the minimum public float in Rule 8.08 and Rule 13.32 of the Hong Kong Listing Rules.

XVI. ISSUANCE OF SHARES

Please refer to “Section IX Changes in Shares and Information of Shareholders” for the details of the issuance of shares by the Company.

XVII. RESERVES AND DISTRIBUTABLE RESERVE

Pursuant to the Company Law, undistributed profit could be distributed as dividends after the appropriation is made to the statutory surplus reserve. According to the requirements of the Articles of Association, when the Company is to distribute its profit after tax in the relevant accounting year, the profit after tax shall be deemed to be the lesser of the amounts stated in the financial statements prepared in accordance with the China Accounting Standards for Business Enterprises and IFRSs. Under IFRSs, the undistributed profit of the Company as at the end of 2024 amounted to RMB8,697 million.

XVIII. PRE-EMPTIVE RIGHTS AND SHARE OPTION ARRANGEMENTS

There are no provisions for pre-emptive rights under the Articles of Association or the relevant PRC laws, regulations and rules, according to which the Company would be obliged to offer new shares on a pro rata basis to its existing shareholders. Meanwhile, the Company currently does not have any share option arrangements.

XIX. BANK BORROWINGS AND OTHER LOANS

Please refer to “Note 27 Borrowings of the Notes to the Consolidated Financial Statements” of “Section XI Financial Report” for the details of the bank borrowings and other loans of the Company.

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

During the Reporting Period, the Company has complied with the code provisions of the Corporate Governance Code contained in Appendix C1 of the Hong Kong Listing Rules. Please refer to “Section VI Company Governance and Corporate Governance Report” for the details of the corporate governance of the Company.

XXI. FULFILMENT OF SOCIAL RESPONSIBILITY

The Company prepared and disclosed the “2024 Environmental, Social, and Governance Report” in accordance with Appendix C2 Environmental, Social and Governance Reporting Guide of the Hong Kong Listing Rules and with reference to the Shanghai Stock Exchange’s Self-discipline Regulatory Guidelines for Listed Companies No. 14 - Sustainability Reporting (Trial) and the Shanghai Stock Exchange’s Self-discipline Regulatory Guidelines for Listed Companies No. 4 - Sustainability Report Preparation. The aforesaid reports and 2024 Annual Report for A Shares and 2024 Annual Results Announcement for H Shares will be published on the same day.



Section IV Report of the Board of Directors

XXII. RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

(I) Employees

In line with the internationalization trend and according to the needs brought by technology upgrading and management upgrading, the Company recruits employees via various channels such as official website, official microblog and job-hunting websites at home and abroad, social media and on-campus recruitment programs at home and abroad. Our employees will serve Fuyao companies around the world upon completion of orientation training, operational training and job-specific training. The Group conducts quarterly performance coaching and annual performance review to provide its employees with feedback on their performance. Moreover, the Group also provides on-the-job training to its employees to enhance their skills and comprehensive quality. Please refer to “XXIII. Employees of the Company and Its Major Subsidiaries at the end of the Reporting Period” of “Section VI Company Governance and Corporate Governance Report” for other information of employees.

(II) Customers

The Group sells automotive glass to OEM and ARG customers in various countries and regions, including the PRC, the United States, the United Kingdom, Hong Kong, Germany and Japan. The Group's OEM customers include the world's top 20 automobile manufacturers and top 10 passenger vehicle manufacturers in China by production volume.

In 2024, the top five customers of the Group, all of which are independent third-party automotive glass customers, accounted for 17.75% of the revenue of the Group, and the largest customer of the Group accounted for 4.47% of the revenue of the Group. The Group has maintained good relationships with its major customers, and has maintained its partnership with its largest customer for more than 20 years. Nevertheless, the Group did not depend on any of its major customers. None of the directors of the Company and their close associates or shareholders who hold more than 5% of the shares of the Company has any interest in the top five customers of the Group.

(III) Suppliers

The Group has adopted procedures for evaluating potential domestic and overseas suppliers based on product quality, price, ability to deliver products on time and technical capability. The Group has established procurement departments at the Russian, German and U.S. subsidiaries to purchase the raw materials used in the overseas production from local suppliers through the same supply management system that has been adopted by the Group. The Group conducts periodic onsite reviews of the suppliers' production base according to the IATF16949 quality system. The Group generally enters into procurement contracts with major suppliers for one year. The agreements between the Group and suppliers typically set forth the quantity, price, quality specifications, payment terms and warranty for each type of raw materials.

In 2024, the top five suppliers of the Group accounted for 14.35% of the purchases of the Group and the largest supplier of the Group accounted for 5.7% of the purchases of the Group. None of the directors of the Company and their close associates or shareholders who hold more than 5% of the shares of the Company has any interest in the top five suppliers of the Group, except Jinken Glass Industry Shuangliao Co., Ltd. (which was still regarded as a related legal person of the Company during the period from January to September 2024. For details, please refer to “VI. Substantial Connected Transactions” of “Section VIII Significant Events”).



Section IV Report of the Board of Directors

XXIII. ENVIRONMENTAL MATTERS

The Group complies with a broad range of environmental laws and regulations in countries in which it operates, including those governing project approvals, waste gas emissions, wastewater discharge, noise control and the management and disposal of hazardous waste, and the laws, regulations and standards governing the management and disposal of general industrial solid wastes.

The major pollutants from the production process of the Group include waste gas, wastewater, powder and dust, noise of factories and wastes, the emissions of which are in compliance with national and local environmental laws, regulations and standards. In order to minimize the environmental impact of pollutants generated in the process of production on the basis of meeting the compliance conditions, the Group has considered the application of environmental protection materials, equipment, environmental protection facilities and measures from the project design stage, mainly including: (1) installation of fluorodenitration and dedusting equipment on float glass companies' kilns for waste gas treatment; (2) use of clean energy by replacing heavy oil with natural gas as the production fuel for float glass companies; (3) installation of reclaimed water recycle system for cyclical use of water in the production process of all subsidiaries; (4) installation of photo-oxygen catalytic devices, activated carbon devices, spray devices, fixed molecular sieves+ RTO and other treatments by automotive glass companies to reduce the waste gas emissions; (5) use of low-noise equipment and facilities, vibration isolation/sound insulation facilities and acoustic materials to reduce noise effectively; (6) formulation of the Waste Management Regulations to regulate the management of hazardous wastes and general industrial solid wastes, and entrustment of qualified third parties to handle hazardous wastes and general industrial solid wastes; (7) installation of online monitoring instruments that are networked with the governmental developments for float glass companies' flue gas emission to upload real time data to environmental authorities, while we engage qualified testing entities to conduct data comparison on a regular basis as required to ensure the authenticity and validity of the uploaded data; (8) online monitoring of non-methane hydrocarbons and wastewater for automotive glass companies' pollutants is implemented by some subsidiaries – the monitoring equipment is networked with the Environmental Protection Bureau, and units that failed to realize online monitoring shall conduct detection of environmental hazard factors at least once a year; (9) purchase of noise detection equipment by each subsidiary on its own to monitor noise of factories on a regular or irregular basis; (10) implementation of the approval of clean production by each subsidiary earnestly; (11) preparation and filing of contingency plans for each subsidiary; (12) preparation of the environmental monitoring plan, implementation of environmental monitoring and active acceptance of the supervision of the environmental protection authorities by each subsidiary; (13) strict implementation of “Three-Simultaneous” for environmental protection and authorization of qualified units to carry out environmental impact assessments by all subsidiaries before new construction, reconstruction, and expansion projects; and (14) continuous improvement of the implementation of environmental protection within the Company by each subsidiary in accordance with the Company's ISO14001:2015 system.

During the Reporting Period, the Group was not subject to material administrative punishments by the environmental protection authorities due to laws and regulations in respect of environmental protection.



Section IV Report of the Board of Directors

XXIV. OCCUPATIONAL HEALTH AND SAFETY MATTERS

The Group strictly complies with national and local safety laws, regulations and standards, and ensures the safe production of each subsidiary through the implementation of ISO45001:2018, safety standardization, potential hazards inspection and risk control, and the safety, health and environmental protection management system, which mainly include: (1) the Group establishing a safety production management body responsible for monitoring the implementation of the occupational health and safety management provisions and standards of each subsidiary to ensure the safe and healthy production of each subsidiary; (2) each subsidiary establishing a safety production committee and a safety production management organization, deploying full-time (part-time) safety management personnel to ensure the effective operation of the occupational health and safety system; (3) each subsidiary providing a variety of trainings to the employees on safety awareness, including safety training for new employees, safety management personnel training, operation safety training, equipment maintenance safety training, special operation training, etc; (4) each subsidiary formulating safety operation regulations, labor protection appliances configuration standards and MSDS (Material Safety Data Sheet) according to job requirements; (5) each subsidiary regularly conducting occupational hazard factor detection and publicity on site, and regularly organizing employee occupational health examinations; (6) each subsidiary setting up safety protection facilities according to the hazardous characteristics and corresponding standards of the equipment; (7) each subsidiary providing sufficient, reasonable and effective labor protection appliances for its employees; (8) the Group formulating the Management Regulations on Risk Classification, Control and Hidden Hazard Inspection and Governance, regularly issuing notices and requirements for special inspections, and each subsidiary formulating safety inspection standards and plans to implement potential hazard rectification; (9) each subsidiary formulating emergency plans for safe production, formulating and implementing emergency drill plans to improve employees' capability to respond to and deal with emergencies, and continue to improve the emergency plans based on the drill results; (10) the Group formulating the Safety, Health and Environment Management Regulations and the Safety, Health and Environment Incident Management Procedures, and each subsidiary implementing accident reporting, investigation and rectification to avoid recurrence of accidents; and (11) each subsidiary continuously improving the implementation of occupational health and safety involved in the production process within the scope of the Company in accordance with the ISO45001: 2018 occupational health and safety management system and the safety, health and environmental protection management system, etc.

During the Reporting Period, the Group did not encounter any material unplanned production stoppages due to health and safety issues, nor did it received any material claim in relation to health and safety.

XXV. LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

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

XXVI. REVIEW BY THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Financial statements and annual results of the Company for the year ended December 31, 2024 have been reviewed by the audit committee of the Company.



Section V Management Discussion and Analysis

I. DISCUSSION AND ANALYSIS ON OPERATION RESULTS

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

In 2024, the global economy experienced significant fluctuation, with complex and volatile international dynamics and escalating geopolitical conflicts challenging the stability of global industrial and supply chains. China's automobile industry, supported by initiatives such as vehicle trade-ins and local policy measures, has seen a steady rise in key economic indicators, but still faces challenges such as insufficient effective demand. According to statistics released by the China Association of Automobile Manufacturers, China's automobile production and sales volumes in 2024 amounted to 31.282 million units and 31.436 million units, respectively, representing year-on-year increases of 3.7% and 4.5%. In the face of the severe and complex internal and external situations, all Fuyao's employees remained humble and vigilant, steadfastly united in collaboration and focused efforts, successfully exceeding the main production and operation indicators for the year.

During the Reporting Period, the Company, on a consolidated basis, realized revenue of RMB39,251,657,000, representing an increase of 18.37% as compared with the corresponding period last year; realized profit before tax of RMB8,990,236,000, representing an increase of 33.87% as compared with the corresponding period last year, and realized annual profit attributable to owners of the Company of RMB 7,497,392,000, representing an increase of 33.20% as compared with the corresponding period last year; and realized earnings per share of RMB2.87, representing an increase of 32.87% as compared with the corresponding period last year.

1. During the Reporting Period, the profit before tax increased by 33.87% as compared with the corresponding period last year. Eliminating the impact of the following factors, the profit before tax during the Reporting Period increased by 39.11% year on year.
 - (1) During the Reporting Period, the losses from foreign exchange amounted to RMB24,285,000, and the gains from foreign exchange in the corresponding period last year was RMB368,696,000, resulting in a year-on-year decrease of RMB392,981,000 in the profit before tax during the Reporting Period;
 - (2) During the Reporting Period, FYSAM Auto Decorative International GmbH (FYSAM汽車飾件國際有限公司), a subsidiary of the Company, made a provision for long-term asset impairment of RMB19,162,000, and the provision made in the corresponding period last year was RMB147,034,000, resulting in a year-on-year increase of RMB127,872,000 in the profit before tax during the Reporting Period;



Section V Management Discussion and Analysis

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

1. Expanding domestic and international markets: the Company always put customer needs first, leveraged the advantages of its global production bases and business entities to jointly explore new technologies and product applications, and deepened its collaboration with domestic and international partners, providing comprehensive services to earn customer trust, steadily increasing market share, and enhancing risk resilience.
2. Enhancing quality control throughout the process: the Company placed the highest importance on product quality, and continuously reinforced quality management by setting clear quality objectives and standards, optimizing resource allocation, establishing an effective quality management system, and strengthening process control and quality risk management, so as to effectively prevent and control the occurrence of quality issues and enhance the core competitiveness of the enterprise.
3. Improving global supply assurance: the Company proactively planned and positioned itself according to industry trends, and established a comprehensive global supply chain system; at the same time, it continuously innovated and optimized the production process, and reduced the time from material input to storage, so as to build flexible and agile production capabilities, ensure global delivery and service capability, and foster mutual achievements and growth with the automotive industry.
4. Enhancing technological innovation leadership: with the development of automotive intelligence, automotive glass and trims, etc, have evolved from mere weather protection to components of intelligent cockpits, becoming platforms for external perception and interaction. The Company strengthened market and technological insights, promoted cross-domain integration, and continuously enhanced glass manufacturing techniques and raw material research, gradually building a technological moat. The proportion of high value-added products such as intelligent panoramic skylight glass, dimmable glass, head-up display glass, ultra-insulating glass, lightweight ultra-thin glass, coated heatable glass, tempered laminated glass has continued to grow, rising by 5.02 percentage points compared to the corresponding period last year, reflecting their value.
5. Enhancing operational resilience: the methodology of "statistics, analysis, evaluation, and correction" underpins Fuyao's management philosophy. The Company addressed all aspects from raw material management, production planning, production organization, financial management, sales management, and quality management, establishing a lean five-star management model with Fuyao's characteristics that promotes continuous and stable development of the Company through exceptional management standards and efficient operational modes.
6. Building an active and efficient international team: the Company adhered to the people-oriented principle, strengthened team building, ensured competitive employees benefits, promoted the humanities construction of Fuyao and established good discipline and work style, and built a more active and efficient international team.



Section V Management Discussion and Analysis

II. INDUSTRY IN WHICH THE COMPANY IS OPERATING DURING THE REPORTING PERIOD

The automotive industry is still facing uncertainties in the short term; however, as a supporting industry of the automobile industry, there is still stable room for development of the industry in which the Company is operating in the medium and long run. For details, please refer to “II. Discussion and Analysis on the Future Development of the Company – (I) Industry landscape and development trend” in “Section IV Report of the Board of Directors”.

III. BUSINESS CARRIED OUT BY THE COMPANY DURING THE REPORTING PERIOD

For detailed information, please refer to “I. Business Review” in “Section IV Report of the Board of Directors”.

IV. ANALYSIS ON THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

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

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



Section V Management Discussion and Analysis

V. PRINCIPAL OPERATION RESULTS DURING THE REPORTING PERIOD

As at December 31, 2024, the total assets of the Company amounted to RMB63,263,654,000, representing an increase of 11.69% as compared with the beginning of the year; the total liabilities amounted to RMB27,568,612,000, representing an increase of 9.32% as compared with the beginning of the year; the equity attributable to owners of the Company amounted to RMB35,703,839,000, representing an increase of 13.58% as compared with the beginning of the year.

During the Reporting Period, the Company realized revenue of RMB39,251,657,000, representing a year-on-year increase of 18.37%; realized annual profit attributable to owners of the Company of RMB7,497,392,000, representing a year-on-year increase of 33.20%; realized annual profit attributable to owners of the Company, net of non-recurring profits or losses of RMB7,446,000,000, representing a year-on-year increase of 34.71%; and realized earnings per share of RMB2.87, representing a year-on-year increase of 32.87%.

(I) Analysis of principal business

1. Analysis of changes in relevant items in the income statement and cash flow statement

Unit: '000 Currency: RMB

Items	For the Reporting Period	For the corresponding period last year	Percentage of change (%)
Revenue	39,251,657	33,160,997	18.37
Cost of sales	25,303,908	21,840,391	15.86
Distribution costs and selling expenses	1,180,261	1,538,783	-23.30
Administrative expenses	3,021,597	2,493,598	21.17
Finance gains – net	690,685	325,682	112.07
Research and development expenses	1,677,751	1,403,030	19.58
Net cash generated from operating activities	8,562,188	7,624,582	12.30
Net cash generated from/ (used in) investing activities	55,730	-4,448,933	N/A
Net cash used in financing activities	-3,358,175	-2,280,345	47.27
Other gains	400,415	262,917	52.30
Other (expenses)/gains – net	-149,639	247,968	N/A
Net impairment losses on financial assets	3,563	17,110	-79.18
Share of net profit of joint venture and associate accounted for using the equity method	-15,802	10,798	N/A
Income tax expenses	1,486,781	1,086,914	36.79

Section V Management Discussion and Analysis

The increase in revenue was mainly attributable to the Company's increased marketing efforts and an increase in the proportion of high value-added products.

The increase in cost of sales was mainly due to an increase in revenue.

The decrease in distribution costs and selling expenses was mainly due to the demand trend of refinement and specialization of packaging materials during the Reporting Period, and the quality management and packaging requirements of packaging materials are strengthened, which is included in the cost of sales as the costs of fulfilling this year.

The increase in administrative expenses was mainly due to an increase in staff salaries and other expenses.

The increase in finance gains – net was mainly due to an increase in finance income during the Reporting Period.

The increase in research and development expenses was mainly due to the Company's further strengthening of research and development project management, continuous research and development innovation, and promotion of its technological upgrading and product value-added enhancement.

The increase in net cash generated from operating activities was mainly due to an increase in revenue.

The change in net cash used in investing activities was mainly attributable to the net inflow of RMB5,449 million in principal and interest received upon maturity of “held-to-maturity time deposits” during the Reporting Period, as compared with a net outflow of RMB79 million in the same period last year.

The increase in net cash used in financing activities was mainly due to the reduction in borrowings during the Reporting Period as a result of sufficient cash flows.

The increase in other gains was mainly attributable to the year-on-year increase in the amount of VAT payable credited to other gains by advanced manufacture enterprises in accordance with the current period's deductible input tax plus 5%.

Changes in other (expenses)/gains – net was mainly attributable to the exchange loss of RMB24 million arising from exchange rate fluctuations in the Reporting Period, compared with an exchange gain of RMB369 million in the corresponding period of the previous year.

The decrease in net impairment losses on financial assets was mainly due to a decrease in bad debt provisions made in the Reporting Period.

Changes in the share of net profit of joint venture and associate accounted for using the equity method was mainly due to the change in profit of the joint venture and associate during the Reporting Period.

The increase in income tax expense was mainly attributable to the higher income tax expense corresponding to the increase in profit before tax for the Reporting Period.



Section V Management Discussion and Analysis

2. Analysis of revenue and costs

During the Reporting Period, the sales revenue of automotive glass of the Company increased by RMB5,824,639,000, representing a year-on-year increase of 19.49%, and cost of sales of automotive glass of the Company increased by RMB4,169,512,000, representing a year-on-year increase of 19.95%. Float glass produced and sold by the Company is mainly to be used by its automotive glass with internal supply as its main purpose. Principal business by product is set out as follows:

(1) Business by products and regions

Unit: '000 Currency: RMB

Business by products						
By products	Revenue	Costs of sales	Gross margin (%)	Year-on-year increase/decrease in revenue (%)	Year-on-year increase/decrease in costs of sales (%)	Year-on-year increase/decrease in gross margin (%)
Automotive glass	35,711,993	25,070,127	29.80	19.49	19.95	Decreased by 0.27 percentage point
Float glass	5,960,560	3,863,262	35.19	4.42	-6.71	Increased by 7.74 percentage points
Others	4,545,372	3,218,216				
Less: Intra-group elimination	<u>-6,966,268</u>	<u>-6,847,697</u>				
Total	<u>39,251,657</u>	<u>25,303,908</u>	35.53	18.37	15.86	Increased by 1.39 percentage points

Business by regions						
By regions	Revenue	Costs of sales	Gross margin (%)	Year-on-year increase/decrease in revenue (%)	Year-on-year increase/decrease in costs of sales (%)	Year-on-year increase/decrease in gross margin (%)
Domestic	21,659,158	13,180,280	39.14	18.52	13.69	Increased by 2.59 percentage points
Overseas	17,592,499	12,122,628	31.09	18.18	18.32	Decreased by 0.08 percentage point
Total	<u>39,251,657</u>	<u>25,303,908</u>	35.53	18.37	15.86	Increased by 1.39 percentage points

Section V Management Discussion and Analysis

(2) Analysis of production and sales volumes

Principal products	Unit	Production volume	Sales volume	Inventory	Change in production volume as compared with last year (%)	Change in sales volume as compared with last year (%)	Change in inventory as compared with last year (%)
Automotive glass	million square meters	162.00	155.87	19.24	12.93	11.21	17.72
Float glass	'0,000 tons	172.89	170.47	27.93	-1.16	-6.73	4.90

(3) Costs analysis

Unit: '000 Currency: RMB

Costs analysis by products

By products	Cost structure	Amount for the period	Amount for the period accounting for total costs (%)	Amount for the corresponding period last year	Amount for the corresponding period last year accounting costs (%)	Change in the amount for the period as compared with the corresponding period last year (%)
Automotive glass	Raw and auxiliary materials	15,963,885	63.68	13,693,590	65.52	16.58
Automotive glass	Costs of energy	1,251,352	4.99	1,105,390	5.29	13.20
Automotive glass	Costs of labor	3,471,136	13.85	2,901,694	13.88	19.62
Automotive glass	Other ⁽¹⁾	4,383,754	17.48	3,199,941	15.31	36.99
Float glass	Raw and auxiliary materials	1,236,782	32.01	1,421,402	34.32	-12.99
Float glass	Costs of energy	1,331,347	34.46	1,398,541	33.77	-4.80
Float glass	Costs of labor	323,858	8.38	319,808	7.72	1.27
Float glass	Other ⁽¹⁾	971,275	25.15	1,001,265	24.18	-3.00

Note: Other expenses include manufacturing overhead, packaging and logistics and transportation expenses.

(4) Changes in equity of major subsidiaries during the Reporting Period resulting in changes in the scope of consolidation

For details, see Note 1 "Corporate Information-Information about subsidiaries" of the "Notes to the Consolidated Financial Statements" in "Section XI Financial Report".



Section V Management Discussion and Analysis

(5) Major customers and suppliers

A. Major customers of the Company

Sales to the top five customers amounted to RMB6,967.6058 million, accounting for 17.75% of the total sales for the year; of which related-party sales amounted to RMB0, accounting for 0% of the total sales for the year.

Sales to a single customer exceeding 50% of the total, new additions among top five customers, or significant reliance on a few customers during the Reporting Period

Top Five Customers of the Company

Unit: '0,000 Currency: RMB

No.	Name of customers	Sales	Percentage of total sales for the year (%)
1	No. 1	175,366.32	4.47
2	No. 2	157,969.16	4.02
3	No. 3	127,984.37	3.26
4	No. 4	125,917.47	3.21
5	No. 5	109,523.26	2.79

Note: The Company did not rely significantly on a few customers. The No. 3 customer jumped to the top five customers during the Reporting Period due to an increase in sales.

B. Major suppliers of the Company

Purchases from the top five suppliers amounted to RMB2,409.8175 million, accounting for 14.35% of the total purchases for the year; of which related-party purchases amounted to RMB232.5039 million, accounting for 1.38% of the total purchases for the year.

Purchase from a single supplier exceeding 50% of the total, new additions among top five suppliers, or significant reliance on a few suppliers during the Reporting Period

Top Five Suppliers of the Company

Unit: '0,000 Currency: RMB

No.	Name of suppliers	Purchases	Percentage of total purchases for the year (%)
1	No. 1	95,714.36	5.70
2	No. 2	40,237.62	2.40
3	No. 3	36,961.71	2.20
4	No. 4	35,168.96	2.09
5	No. 5	32,899.10	1.96

Note: The Company did not rely significantly on a few suppliers. The No. 5 supplier is Jinken Glass Industry Shuangliao Co., Ltd. (金壘玻璃工業雙遼有限公司), which jumped to the top five suppliers during the Reporting Period due to an increase in purchases. The 25% equity interests held by the Company in this company was sold in September 2023, and according to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, Jinken Glass Industry Shuangliao Co., Ltd. was still regarded as a related legal person of the Company during the period from January to September 2024. From January to September 2024, the amount of purchases of the Company from Jinken Glass Industry Shuangliao Co., Ltd. was RMB232.5039 million.



Section V Management Discussion and Analysis

3. Expenses

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

4. Research and development costs

(1) Analysis of research and development (R&D) costs

Unit: '000 Currency: RMB

R&D costs expensed for the Reporting Period	1,677,751
R&D costs capitalized for the Reporting Period	0
Total R&D costs	1,677,751
Total R&D costs as a percentage of revenue (%)	4.27
Capitalization percentage of R&D costs (%)	0

(2) Analysis of R&D staff

Number of R&D staff of the Company	5,671
Number of R&D staff as a percentage of the total number of staff of the Company (%)	14.96

Educational structure of R&D staff

Educational level	Number of staff
Doctoral candidate	10
Postgraduate	325
Undergraduate	3,395
Junior college	1,220
High school and below	721

Age structure of R&D staff

Age level	Number of staff
Under 30 years old (excluding 30 years old)	2,344
30–40 years old (including 30 years old and excluding 40 years old)	2,116
40–50 years old (including 40 years old and excluding 50 years old)	920
50–60 years old (including 50 years old and excluding 60 years old)	268
60 years old and above	23

5. Details of charge on assets

As of December 31, 2024, the Group's pledged assets were as described in the related notes 15(c), 17(a), 22(e), and 24(c) of the "Notes to the Consolidated Financial Statements" in "Section XI Financial Report".



Section V Management Discussion and Analysis

6. Liquidity and capital sources

6.1 Cash flows

Unit: '000 Currency: RMB

Items	Amount for the Reporting Period	Amount for the corresponding period last year
Net cash generated from operating activities	8,562,188	7,624,582
Net cash generated from/(used in) investing activities	55,730	-4,448,933
Net cash used in financing activities	-3,358,175	-2,280,345
Net increase in cash and cash equivalents	5,259,743	895,304

- (1) During the Reporting Period, net cash generated from operating activities amounted to RMB8,562 million. In particular, cash received from sale of goods and provision of labor services amounted to RMB37,771 million; cash paid for purchase of goods and acceptance of labor services amounted to RMB20,211 million, cash paid to and paid on behalf of employees amounted to RMB7,010 million, and payment for various taxes amounted to RMB3,102 million.

Daily capital needs of the Group can be financed by net cash from operating activities. The Group also had adequate credit facilities provided by banks.

- (2) During the Reporting Period, net cash generated from investing activities amounted to RMB56 million. In particular, the cash paid for the purchase and construction of long-term assets such as real estate, factories and equipment was RMB5,481 million, and the net inflow in principal and interest received upon maturity of held-to-maturity time deposits with a maturity of more than 3 months was RMB5,449 million.
- (3) During the Reporting Period, net cash used in financing activities amounted to RMB3,358 million, of which, cash received from borrowings amounted to RMB13,033 million, cash used for repayment of debts amounted to RMB12,491 million; cash payment of dividend distribution and interest amounted to RMB3,714 million.
- (4) The Company will further strengthen management system with intensive capital and budget, strictly control the exchange risks and optimize the capital structure to enhance the security and effectiveness of capital management and ensure the maximization of capital efficiency.



Section V Management Discussion and Analysis

6.2 Cash flow

Unit: '000 Currency: RMB

Items	Amount for the Reporting Period	Amount for the corresponding period last year	Increase/decrease in amount	Percentage of increase/decrease (%)	Explanations for the changes
Purchase of land use rights	234,797	34,654	200,143	577.55	The increase in the purchase of land use rights was mainly due to the purchase of land use rights by newly established subsidiaries in this Reporting Period.
Consideration paid for investment in an associate	-	20,000	-20,000	-100.00	The decrease in consideration paid for the associate investment was due to the expenditure for the purchase of 11.24% equity interest in National Innovation Center for Advanced Glass Materials (Anhui) Co., Ltd. (玻璃新材料创新中心(安徽)有限公司) in the same period last year.
Interest received	417,422	199,821	217,601	108.90	The increase in interest received was mainly due to an increase in interest received on maturity of time deposits held to maturity during the Reporting Period.
(Increase)/decrease in restricted funds	-14,673	2,864	-17,537	N/A	The change in restricted funds was mainly due to new deposits made as bank guarantee deposits during the Reporting Period.
Decrease in held-to-maturity time deposits with a maturity of more than 3 months	14,698,509	6,912,112	7,786,397	112.65	The decrease in held-to-maturity time deposits with a maturity of more than 3 months was due to the recovery of held-to-maturity time deposits at maturity during the Reporting Period.
Increase in held-to-maturity time deposits with a maturity of more than 3 months	9,666,769	7,191,280	2,475,489	34.42	The increase in held-to-maturity time deposits with a maturity of more than 3 months was due to the changes in time deposits held to maturity.
Payment of lease liabilities and long-term payables	186,616	307,316	-120,700	-39.28	The decrease in payment of lease liabilities and long-term payables was mainly due to an increase in newly leased buildings in the same period last year.

6.3 Capital expenditure

The Company's capital expenditure was mainly for ongoing investment in new projects and other renovations and upgrades. During the Reporting Period, cash paid for the purchase of long-term assets such as real estate, plant and equipment amounted to RMB5,481 million, of which approximately RMB1,262 million was spent on the capital expenditure for the automotive glass project in the United States, approximately RMB727 million was spent on the capital expenditure for the Anhui Ancillary Automotive Glass, Anhui Accessory Automotive Glass and Anhui Float projects, approximately RMB371 million was spent on the capital expenditure for the Fujian Ancillary Glass project, approximately RMB448 million was spent on the capital expenditure for the Tianjin Automotive Glass project, approximately RMB381 million was spent on the capital expenditure for the Guangzhou Automotive Glass project and approximately RMB346 million was spent on the capital expenditure for the Suzhou Automotive Glass project.

Section V Management Discussion and Analysis

6.4 Interest-bearing debts

During the Reporting Period, the newly-added bank borrowings amounted to RMB12,733 million and the ultra short-term financing bonds amounted to RMB300 million; repayment of bank borrowings amounted to RMB12,191 million and ultra short-term financing bonds amounted to RMB300 million. The Company did not utilize any financial instrument for hedging. As at December 31, 2024, interest-bearing debts are set out as follows:

Unit: '00 million Currency: RMB

Type	Amount
Short-term borrowings with fixed interest rates	45.88
Long-term borrowings with fixed interest rates due within one year	14.97
Long-term borrowings with floating interest rates due within one year	12.42
Long-term borrowings with fixed interest rates	39.12
Long-term borrowings with floating interest rates	33.01
	<hr/>
Total	145.40
	<hr/>

Note: The accrued interest is not included in the above table.

7. Foreign exchange risks and foreign exchange gains or losses

The principal business of the Group is carried out within the PRC and is primarily settled in RMB. 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 U.S. dollar). To this end, the finance department of the headquarters of the Group is responsible for monitoring the scale of foreign currency transactions and assets and liabilities in foreign currencies to minimize the foreign exchange risks to the largest extent. The Group may hedge against foreign exchange risks by stepping up its globalization paces, reasonably matching the scale of foreign currency assets and liabilities with overseas business expansion, optimizing the currency used for business settlement, matching the same currency between income and expenditure, adopting appropriate exchange rate instruments and financial derivatives such as locking exchange rate, forward foreign exchange contracts, currency swap contracts and currency swap. During the Reporting Period, foreign exchange losses of the Group amounted to RMB24 million as compared with foreign exchange gains of RMB369 million for the corresponding period last year.



Section V Management Discussion and Analysis

8. Capital efficiency

Inventory turnover period during the Reporting Period was 82 days as compared with 90 days of the corresponding period last year, representing a year-on-year decrease of 8 days, among which, inventory turnover period for automotive glass was 59 days as compared with 65 days of the corresponding period last year; inventory turnover period for float glass was 96 days as compared with 99 days of the corresponding period last year.

The turnover period of the trade receivables during the Reporting Period was 92 days, as compared with 85 days for the corresponding period last year.

The return on equity during the Reporting Period was 21.00%, as compared with 17.91% for the corresponding period last year.

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

Unit: '000 Currency: RMB

	December 31, 2024	December 31, 2023
Total borrowings	14,687,439	14,004,799
Lease liabilities	443,195	525,939
Long-term payables	59,287	64,473
Less: Cash and cash equivalents	-18,733,774	-13,351,250
Net debts	-3,543,853	1,243,961
Total equity	35,695,042	31,421,379
Total capital	32,151,189	32,665,340
Gearing ratio (%)	-11.02%	3.81%

9. Commitments

For details, please refer to the descriptions under Note 34 “Commitments” of the “Notes to the Consolidated Financial Statements” in “Section XI Financial Report”.

10. Contingent liabilities

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

11. Events occurring after the reporting period

For details, please refer to the descriptions under Note 40 “Events Occurring after the Reporting Period” of the “Notes to the Consolidated Financial Statements” in “Section XI Financial Report”.



Section V Management Discussion and Analysis

(II) Analysis on assets and liabilities

1. Assets and liabilities

Unit: '000 Currency: RMB

Names of items	Closing balance	The percentage of closing balance to the total assets (%)	Opening balance	The percentage of opening balance to the total assets (%)	Change in the closing balance as compared with the opening balance (%)	Explanations
Investments in joint ventures	421,356	0.67	49,880	0.09	744.74	The increase in investments in joint ventures was due to the fact that Taiyuan Jinnuo Industrial Co., Ltd. terminated the performance of the relevant agreements for the transfer of the remaining 24% equity interest in Beijing Futong during the Reporting Period, and the Company retained 24% equity interest in Beijing Futong. The Company currently holds a total of 49% equity interest in Beijing Futong and jointly controls Beijing Futong, so Beijing Futong has been reclassified from investments in associates to investments in joint ventures for accounting purposes.
Investments in associates	20,139	0.03	131,658	0.23	-84.70	The decrease in investments in associates was due to the fact that Taiyuan Jinnuo Industrial Co., Ltd. terminated the performance of the relevant agreements for the transfer of the remaining 24% equity interest in Beijing Futong during the Reporting Period, and the Company retained 24% equity interest in Beijing Futong. The Company currently holds a total of 49% equity interest in Beijing Futong and jointly controls Beijing Futong, so Beijing Futong has been reclassified from investments in associates to investments in joint ventures for accounting purposes.
Financial assets at fair value through profit or loss	7,683	0.01	5,741	0.01	33.83	The increase in financial assets at fair value through profit or loss was due to the gain on revaluation in fair value of the held-for-trading equity instrument in the Reporting Period.
Financial assets at fair value through other comprehensive income	1,921,466	3.04	1,314,918	2.32	46.13	The increase in financial assets at fair value through other comprehensive income was mainly attributable to the increase in the volume of bank acceptance settlements during the Reporting Period.
Restricted funds	50,790	0.08	36,117	0.06	40.63	The change in restricted funds was mainly due to new deposits made as bank guarantee deposits during the Reporting Period.
Held-to-maturity time deposits with a maturity of more than 3 months	-	-	5,130,806	9.06	-100.00	The decrease in held-to-maturity time deposits with a maturity of more than 3 months was due to the recovery and subsequent transfer of these time deposits at maturity to "cash and cash equivalents" during the Reporting Period.

Section V Management Discussion and Analysis

Names of items	Closing balance	The percentage of closing balance to the total assets (%)	Opening balance	The percentage of opening balance to the total assets (%)	Change in the closing balance as compared with the opening balance (%)	Explanations
Cash and cash equivalents	18,733,774	29.61	13,351,250	23.57	40.31	The increase in cash and cash equivalents was mainly due to the recovery and subsequent transfer of "held-to-maturity time deposits with a maturity of more than 3 months" at maturity to "cash and cash equivalents" in the Reporting Period.
Other non-current liabilities	498,898	0.79	59,287	0.10	741.50	The increase in other non-current liabilities was mainly due to the recognition of projected liabilities for loss-making contracts by FYSAM Trim Company, a subsidiary, in the Reporting Period, as well as payments received in advance for goods expected to be performed after one year in the Reporting Period.
Deferred income tax liabilities	704,771	1.11	411,645	0.73	71.21	The increase in deferred income tax liabilities was mainly due to the provision for income tax on undistributed profits of overseas subsidiaries and an increase in taxable temporary differences on fixed assets.
Borrowings – current liabilities	7,474,519	11.81	5,491,699	9.70	36.11	The increase in borrowings – current liabilities was mainly due to the addition of new borrowings during the Reporting Period and the transfer of long-term borrowings maturing within one year to this account for presentation.

2. Overseas Assets

(1) Size of assets

Including: overseas assets (amounted to RMB23,789 million) accounted for 37.60% of the total assets.

(2) Details of the higher percentage of overseas assets

The overseas assets are the assets in the account of the overseas subsidiaries (for details, please refer to "Corporate Information-Information about subsidiaries" of the "Notes to the Consolidated Financial Statements" in "Section XI Financial Report") which are established by the Company and the deposits of the Company which are deposited in Hong Kong and denominated in foreign currencies. 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), were equivalent to RMB8,416 million as at December 31, 2024, with the revenue equivalent to RMB6,312 million and annual profit equivalent to RMB627million in 2024.



Section V Management Discussion and Analysis

3. Major restricted assets as at the end of the Reporting Period

As of the end of the Reporting Period, the major restricted assets were restricted funds deposited and certain charged assets, as described in the related notes 15(c), 17(a), 22(e), 23(b), and 24(c) of the "Notes to the Consolidated Financial Statements" in "Section XI Financial Report".

(III) Analysis on industry operating information

The automobile industry will still face uncertainties in the short term, but as a supporting industry of the automobile industry, the industry in which we are operating has a stable room for development in the medium and long run. For details, please refer to "II. Discussion and Analysis on the Future Development of the Company – (I) Industry landscape and development trend" in "Section IV Report of the Board of Directors".

Analysis on operating information of automobile manufacturing industry

1. Production and sales volumes of components and parts

By classification of components and parts

Unit: million square meters (other than percentage)

Classification of components and parts	Sales volume			Production volume		
	Accumulation within the year	Accumulation of last year	Accumulative year-on-year increase/decrease (%)	Accumulation within the year	Accumulation of last year	Accumulative year-on-year increase/decrease (%)
Automotive glass	155.87	140.16	11.21	162.00	143.45	12.93

By classification of markets

Unit: million square meters (other than percentage)

Classification of components and parts	Sales volume in components market for finished automobiles			Sales volume in after-sales service market		
	Accumulation within the year	Accumulation of last year	Accumulative year-on-year increase/decrease (%)	Accumulation within the year	Accumulation of last year	Accumulative year-on-year increase/decrease (%)
Automotive glass	131.07	119.14	10.02	24.80	21.02	17.98



Section V Management Discussion and Analysis

(IV) Analysis on investments

Overall analysis on external equity investment

External investments during the Reporting Period:

- (1) On January 8, 2024, the Company incorporated Fuyao Glass (Fujian) Co., Ltd. (福耀玻璃(福建)有限公司), with a registered capital of RMB1,000.00 million. The Company holds 100% equity interest in Fuyao Glass (Fujian) Co., Ltd., which is principally engaged in the research and development, manufacturing and sales of automotive glass products;
- (2) On March 27, 2024, the Company incorporated Fuyao Glass (Anhui) Co., Ltd. (福耀玻璃(安徽)有限公司), with a registered capital of RMB500.00 million. The Company holds 100% equity interest in Fuyao Glass (Anhui) Co., Ltd., which is principally engaged in the research and development, manufacturing and sales of products for the automotive glass ancillary market;
- (3) On March 27, 2024, the Company incorporated Fuyao Glass (Anhui) Automotive Parts Co., Ltd. (福耀玻璃(安徽)汽車配件有限公司), with a registered capital of RMB150.00 million. The Company holds 100% equity interest in Fuyao Glass (Anhui) Automotive Parts Co., Ltd., which is principally engaged in the research and development, manufacturing and sales of products for the automotive glass accessories market;
- (4) On March 27, 2024, the Company incorporated Fuyao Float Glass (Anhui) Co., Ltd. (福耀浮法玻璃(安徽)有限公司), with a registered capital of RMB350.00 million. The Company holds 100% equity interest in Fuyao Float Glass (Anhui) Co., Ltd., which is principally engaged in the research and development, manufacturing and sales of automotive float glass products;
- (5) On May 30, 2024, the Company incorporated Fuyao (Eastern Europe) Co., Ltd. (福耀(東歐)有限責任公司) in Hungary, with a registered capital of EUR8,000. Fuyao (Hong Kong) Co., Ltd. (福耀(香港)有限公司), a wholly-owned subsidiary of the Company, holds 100% equity interest in Fuyao (Eastern Europe) Co., Ltd., which is principally engaged in the manufacturing of other automobile parts and components;
- (6) On September 10, 2024, Fuyao Technology Development (Suzhou) Co., Ltd. (福耀科技發展(蘇州)有限公司), a wholly-owned subsidiary of the Company, reduced its registered capital by RMB28.50 million, and Fuyao Technology Development (Suzhou) Co., Ltd. currently has a registered capital of RMB21.50 million, in which the Company still holds 100% equity interest;
- (7) On November 8, 2024, Jiangsu Fuyao Automotive Trim System Co., Ltd. (江蘇福耀汽車飾件有限公司), a wholly-owned subsidiary of the Company, completed the deregistration process; and
- (8) On April 29, 2024, FYSAM Auto Decorative International GmbH (FYSAM汽車飾件國際有限公司) completed the deregistration process.

External investments during the same period last year:

- (1) 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;
- (2) In March 2023, the Company invested RMB20.00 million in National Innovation Center for Advanced Glass Material (Anhui) Co., Ltd. (國家玻璃新材料創新中心(安徽)有限公司), with a shareholding of 11.24%;
- (3) In June 2023, Fuyao Automotive North America, Inc. (福耀玻璃配套北美有限公司), a wholly-owned subsidiary of the Company, invested and established a wholly-owned subsidiary, Fuyao Michigan Holding Company, LLC., with a shareholding of 100%; and
- (4) In September 2023, Fuyao (Hong Kong) Limited (福耀(香港)有限公司), a wholly-owned subsidiary of the Company, disposed of 25% equity interest in Jinken Glass Industry Shuangliao Co., Ltd. (金壆玻璃工業雙遼有限公司) and completed the procedures related to the registration of change of shareholders with the market supervision and administration department of the government.

Section V Management Discussion and Analysis

1. Material equity investments

For details, please refer to the disclosure under “Overall analysis on external equity investment” above in relation to the incorporation of Fuyao Glass (Fujian) Co., Ltd., Fuyao Glass (Anhui) Co., Ltd., Fuyao Glass (Anhui) Automotive Parts Co., Ltd., Fuyao Float Glass (Anhui) Co., Ltd. by and Fuyao (Eastern Europe) Co., Ltd. the Company.

2. 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
Equity instrument investment-held for trading	5,740,618	1,941,956	-847,407	—	—	—		7,682,574
Equity of unlisted companies measured at fair value through other comprehensive income	91,054,345	—	13,361,980	—	—	—	-8,371,610	82,682,735
Notes receivable measured at fair value through other comprehensive income	1,314,917,637	-11,293,376	—	—	9,950,247,561	9,332,406,240	—	1,921,465,582
Total	1,411,712,600	-9,351,420	12,514,573	—	9,950,247,561	9,332,406,240	-8,371,610	2,011,830,891

Note: Equity instrument investment-held for trading represent the shares allocated to the subsidiary for the restructuring of customer debts.

Investment in securities

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
Share	601777	Lifan Technology	3,304,999	Debt restructuring	2,306,254	2,621,914	1,623,169				4,928,168	Financial assets at fair value through profit or loss
Share	980	Zotye Automobile	5,224,982	Debt restructuring	3,434,364	-679,958	-2,470,576				2,754,406	Financial assets at fair value through profit or loss
Total	/	/	8,529,981	/	5,740,618	1,941,956	-847,407				7,682,574	/

Section V Management Discussion and Analysis

(V) Material disposal of assets and equities

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

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

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



Section V Management Discussion and Analysis

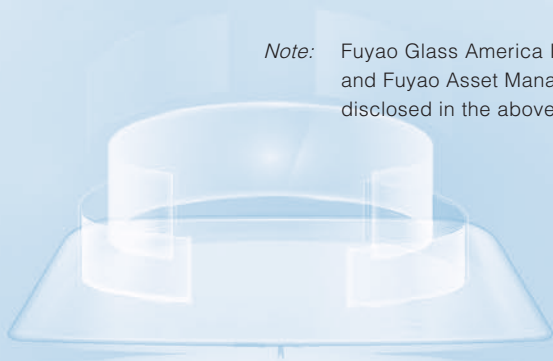
Please refer to the Announcement of Fuyao Glass Industry Group Co., Ltd. on the Disposal of 75% Equity Interests in Fuyao Group Beijing Futong Safety Glass Co., Ltd. dated June 29, 2018, the Announcement of Fuyao Glass Industry Group Co., Ltd. on Entering into the Supplementary Agreement to the Equity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

(VI) 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. (福建省萬達汽車玻璃工業有限公司)	Manufacturing enterprise	Production and sale of automotive glass products	74,514.95	551,177.08	247,165.28	388,637.88	134,412.29	121,831.36
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	USD68.0488 million	731,105.74	154,660.03	371,080.50	81,206.72	70,200.44
Fuyao Glass (Suzhou) Co., Ltd. (福耀玻璃(蘇州)有限公司)	Manufacturing enterprise	Production, design, technical research and development and sale of automobile glass and its spare parts	40,000	397,045.98	119,549.23	440,217.92	78,804.46	66,996.76
Fuyao Glass America Inc. (福耀玻璃美國有限公司)	Manufacturing enterprise	Production and sale of automotive glass products	USD1,500	841,550.32	358,450.72	631,179.05	82,703.12	62,706.10

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



Section VI Company Governance and Corporate Governance Report

I. COMPANY GOVERNANCE

During the Reporting Period, the Company strictly followed the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies in China, and the requirements promulgated by the CSRC, the SSE and the Hong Kong Stock Exchange in relation to company governance. The company governance structure was constantly optimized, company operation was regulated, management of inside information was improved, disclosure of company information was strengthened, and the interest of the Company and all the shareholders was solidly protected. There is no material difference between the actual condition of the Company's governance structure and the provisions and requirements prescribed in the prevalent documents by the CSRC. The Company is also in compliance with the code provisions in the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules issued by the Hong Kong Stock Exchange (the "**Corporate Governance Code**"). The general condition of the company governance is as follows:

1. **Shareholders and General Meeting:** The Company convened and held general meetings in accordance with the relevant requirements of the Articles of Association and the Rules of Procedure for General Meetings. During the Reporting Period, the Company held the 2024 first extraordinary general meeting, the 2023 annual general meeting and the 2024 second extraordinary general meeting, at which online voting was available to shareholders during the consideration of the relevant resolutions to protect the legal rights and interests of investors. The convention and the voting procedures in each of the general meetings were witnessed by lawyers in person and documents with legal opinions were delivered to ensure that the resolutions were lawful and valid.
2. **Relations between the Controlling Shareholder and the listed company:** The Company stringently carried out the strategy of "Independence in Five Aspects" with respect to its personnel, assets, finance, organization and business from those of the controlling shareholder, with separate accounting systems and respective responsibilities and risks. The controlling shareholder exercised rights and assumed responsibilities as a capital contributor of the Company, and standardized their acts in strict compliance with relevant provisions under the Company Law and the Articles of Association. There was no business competition between the controlling shareholder and the Company, no direct or indirect interference in the decision-making and operation activities of the listed company by the controlling shareholder, no non-operational use of funds of the listed company, and no request of providing any guarantee for or by the controlling shareholder. The Board of Directors, the Board of Supervisors and internal organizations all operated independently. The Company has established a long-term mechanism to prevent the controlling shareholder from non-operational use of assets and damage of interests of the listed company, where the relevant terms of "freeze upon non-operational use" were clearly specified in the Articles of Association.
3. **Directors and the Board of Directors:** All directors made independent, objective and fair decisions on the resolutions brought to the Board of Directors for consideration with their professional knowledge and ability, exercised rights and bore responsibilities in accordance with the laws, and were in strict compliance with the Articles of Association, the Rules of Procedure for the Board of Directors and the requirements under relevant laws and regulations, in an honest and diligent manner. When considering resolutions in relation to connected transactions, the connected directors abstained from voting in order to ensure that the connected transactions were fair and reasonable.
4. **Supervisors and the Board of Supervisors:** All supervisors were in compliance with the Articles of Association, the Rules of Procedure for the Board of Supervisors and the requirements under relevant laws and regulations. The supervisors earnestly performed their duties in the best interests of all shareholders with the spirit of being responsible to the shareholders, supervised the legality of the Company's financial position, connected transactions, performance of directors and senior management, and protected the legal rights of the Company and the shareholders.



Section VI Company Governance and Corporate Governance Report

5. **Information Disclosure and Transparency:** The Company strictly complied with the listing rules of the exchanges where its shares are listed, and fulfilled the obligation of information disclosure in a truthful, precise, complete and timely manner. Meanwhile, the Company also ensured confidentiality before the disclosure of information to make sure the disclosure of the Company's information was in an open, fair and just manner so that each shareholder would have an equal chance to obtain such information.
6. **Investor Relationship and Stakeholders:** The Company placed emphasis on the maintenance of the investor relationship. The Company appointed the secretary to the Board of Directors and the representatives of the securities business to be responsible for the information disclosure and management of the investor relationship, and responded to the visits and enquiries of the shareholders and investors in an earnest manner. The Company adequately respected and protected the lawful rights and interests of the creditors, clients, suppliers and other stakeholders, established coordination and balance of interests among different parties such as shareholders, employees and the society, actively engaged in welfare activities, valued the Company's social responsibilities and enhanced the stable and sustainable development of the Company.
7. **Registration and Management of People in Possession of Inside Information:** During the Reporting Period, the Company implemented the Policy for the Registration and Management of People in Possession of Inside Information in strict compliance with the requirements of the regulators. According to the regulations of such policy, the Company performed registration to record people associated with the inside information during the disclosure process of the Company's periodic reports.
8. **Anti-corruption, Anti-fraud, Whistle-blowing System and Policy:** In accordance with Internal Control Norms for Enterprises and other relevant laws and regulations, the Company has formulated the Anti-Fraud Management Policy in light of its actual situation to safeguard the legitimate rights and interests of the Company and its shareholders and to reduce the risks of the Company. The Company has set up a special reporting telephone number (0591-85363456) and a reporting email address (GM@fuyaogroup.com) to provide a means for employees and external parties to report and to ensure that whistleblowers are properly protected. Under the supervision of the Board of Directors, the Board of Supervisors and the Audit Committee, the Audit Department carried out anti-fraud prevention and publicity activities, received reports of fraud and organizes investigations into fraud cases, so as to encourage relevant personnel to strictly comply with relevant laws and regulations, professional ethics and the Company's rules and regulations, and prevent acts that are detrimental to the interests of the Company and its shareholders.

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

As at the end of the Reporting Period, the legal entity governance structure was sound and in compliance with the requirements under the Company Law and relevant regulations of 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 the code provisions set out in the Corporate Governance Code.

The general meeting, the Board of Directors and the Board of Supervisors all operated effectively in strict compliance with the Articles of Association and their respective rules of procedure. For the information required for disclosure in accordance with the Corporate Governance Report, please refer to "Section IV Report of the Board of Directors", this section and relevant parts in other sections.



Section VI Company Governance and Corporate Governance Report

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) of Appendix C3 to the Hong Kong Listing Rules as the model code on trading 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 knowledge of the Company, there has been no incident of non-compliance of the Model Code by the employees during the Reporting Period.

III. GENERAL MEETINGS

General meetings	Date of convention	Directory to designated site of publication of resolution(s)	Date of publication of resolution(s)	Meeting resolution(s)
2024 First Extraordinary General Meeting	January 16, 2024	The website of the SSE (http://www.sse.com.cn), the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk)	January 17, 2024	For details, please refer to the Announcement on Resolutions of the 2024 First Extraordinary General Meeting of Fuyao Glass as published on the website of the SSE (http://www.sse.com.cn) and the Poll Results of the 2024 First Extraordinary General Meeting and Changes in Composition of the Board and Its Committees as published on the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk), both dated January 17, 2024.
2023 Annual General Meeting	April 25, 2024	The website of the SSE (http://www.sse.com.cn), the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk)	April 26, 2024	For details, please refer to the Announcement on Resolutions of the 2023 Annual General Meeting of Fuyao Glass as published on the website of the SSE (http://www.sse.com.cn) and the Poll Results of the 2023 Annual General Meeting as published on the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk), both dated April 26, 2024.
2024 Second Extraordinary General Meeting	August 29, 2024	The website of the SSE (http://www.sse.com.cn), the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk)	August 30, 2024	For details, please refer to the Announcement on Resolutions of the 2024 Second Extraordinary General Meeting of Fuyao Glass dated August 30, 2024 as published on the website of the SSE (http://www.sse.com.cn) and the Poll Results of the 2024 Second Extraordinary General Meeting dated August 29, 2024 as published on the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk).

Section VI Company Governance and Corporate Governance Report

Information on the general meeting

1. The 2024 First Extraordinary General Meeting was held on January 16, 2024 through a combination of a physical meeting and online voting. The general meeting was convened by the Board of Directors, and was chaired by Mr. Cho Tak Wong, the chairman of the Board of Directors. A total of 394 shareholders, either in person or by proxy, attended the onsite meeting or voted online. Resolutions such as the Resolution on the Remuneration of the Directors of the Eleventh Session of the Board of Directors of the Company, the Resolution on the Remuneration of the Supervisors of the Eleventh Session of the Board of Supervisors of the Company, the Resolution on the Election of Non-independent Directors of the Eleventh Session of the Board of Directors, the Resolution on the Election of Independent Directors of the Eleventh Session of the Board of Directors and the Resolution on the Election of Shareholder Representative Supervisors of the Eleventh Session of the Board of Supervisors were considered and approved at the meeting. For the announcement related to the resolutions, please refer to relevant announcement dated January 17, 2024 as published by the Company on the China Securities Journal, the Shanghai Securities News, the Securities Times, and the websites of the SSE (<http://www.sse.com.cn>) and the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).
2. The 2023 Annual General Meeting was held on April 25, 2024 through a combination of a physical meeting and online voting. The annual general meeting was convened by the Board of Directors, and was chaired by Mr. Cho Tak Wong, the chairman of the Board of Directors. A total of 445 shareholders, either in person or by proxy, attended the onsite meeting or voted online. Resolutions such as the Work Report of the Board of Directors for the Year 2023, the Work Report of the Board of Supervisors for the Year 2023, the Profit Distribution Plan for the Year 2023, the Resolution on the Amendments to the Articles of Association and the Resolution on the Formulation of the Dividend Distribution Plan of Fuyao Glass Industry Group Co., Ltd. for the Shareholders for the Upcoming Three Years (2024–2026) were considered and approved at the meeting. For the announcement related to the resolutions, please refer to relevant announcement dated April 26, 2024 as published by the Company on the China Securities Journal, the Shanghai Securities News, the Securities Times, and the websites of the SSE (<http://www.sse.com.cn>) and the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).
3. The 2024 Second Extraordinary General Meeting was held on August 29, 2024 through a combination of a physical meeting and online voting. The general meeting was convened by the Board of Directors. As Mr. Cho Tak Wong, the chairman of the Board of Directors, was unable to attend the meeting due to his other work schedule, the general meeting was chaired by Mr. Tso Fai, the vice chairman of the Board of Directors. A total of 1,828 shareholders, either in person or by proxy, attended the onsite meeting or voted online. The Resolution on the Proposed Change of Auditors of the Company for the Year 2024 was considered and approved at the meeting. For the announcements related to the resolution, please refer to relevant announcements dated August 30, 2024 and August 29, 2024 as published by the Company on the China Securities Journal, the Shanghai Securities News, the Securities Times, and the websites of the SSE (<http://www.sse.com.cn>) and the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).



Section VI Company Governance and Corporate Governance Report

IV. THE RIGHTS OF SHAREHOLDERS

(I) Shareholders to Convene an Extraordinary General Meeting

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

(II) Shareholders to Convene a Meeting for a Certain Class of Shareholders

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



Section VI Company Governance and Corporate Governance Report

(III) Procedures for Putting Forward Enquiries to the Board of Directors

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

(IV) Procedures for Proposing a Resolution to the General Meeting

According to the Rules of Procedure for General Meetings, shareholders individually or jointly holding more than 3% of shares of the Company may bring forward provisional proposals and submit the same in writing to the convener ten days prior to the general meeting or the deadline for the issue of the supplementary circular for the general meeting as stipulated under the Hong Kong Listing Rules, whichever is earlier. The convener shall issue a supplementary notice of the general meeting within two days of receiving the proposals to disclose particulars of the provisional proposals. The proposals shall be within the scope of power of the general meeting, with clear agenda and resolutions, in compliance with relevant laws, administrative regulations, and the Articles of Association and shall be submitted or delivered in writing.

The notice of a general meeting shall contain the following information: designated venue, date, time and duration of the meeting, time and place of serving a proxy form for the meeting, the record date for eligibility for shareholders to attend the general meeting, and the names and telephone numbers of contact persons for the affairs of the meeting.

(V) Investor Exchange and Related Contact Information

The Company has formulated and reviewed annually the effectiveness of the Shareholder Communication Policy, the Investor Relations Management Policy and other related systems to maintain close contact with investors. During the Reporting Period, by way of holding general meetings, organizing result presentation meetings, accepting visits from investors for research, communicating through one-to-one or one-to-many telephone conferences, receiving enquiries by phone or replying by email, etc., the Company aimed to strengthen communication with investors and potential investors, enhance investors' understanding and recognition of the Company and improve corporate governance in order to maximise the overall interests of the Company and protect the legitimate rights and interests of investors. During the Reporting Period, the Company has effectively implemented the above policies and systems.

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



Section VI Company Governance and Corporate Governance Report

V. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Unit: Share

Name	Position	Gender	Age	Commencement date of the term	Cessation date of the term	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares held for the year	Reason for changes	Total remuneration before tax received from the Company during the Reporting Period (RMB 0,000)	Whether they received remuneration from connected parties of the Company
Cho Tak Wong	Executive Director, Chairman of the Board of Directors	Male	78	January 16, 2024	January 15, 2027	314,828	314,828	0		751.25	No
Tso Fai	Executive Director, Vice Chairman of the Board of Directors	Male	54	January 16, 2024	January 15, 2027					152.28	No
Ye Shu	Executive Director, President	Male	52	January 16, 2024	January 15, 2027					341.80	No
Chen Xiangming	Executive Director, Chief Financial Officer	Male	54	January 16, 2024	January 15, 2027					244.38	No
	Joint Company Secretary			October 30, 2014							
Wu Shinong	Non-executive Director	Male	68	January 16, 2024	January 15, 2027					9.00	No
Zhu Dezhen	Non-executive Director	Female	66	January 16, 2024	January 15, 2027					9.00	No
Liu Jing	Independent Non-executive Director	Male	64	January 16, 2024	January 15, 2027					15.00	No
Xue Zuyun	Independent Non-executive Director	Male	61	January 16, 2024	January 15, 2027					14.40	No
Dat Dzung Hao Daniel	Independent Non-executive Director	Male	45	January 16, 2024	January 15, 2027					26.27	No
Bai Zhaohua	Chairman of the Board of Supervisors	Male	73	January 16, 2024	January 15, 2027					233.16	No
Chen Mingsen	Supervisor	Male	77	January 16, 2024	January 15, 2027					15.00	No
Ma Weihua	Supervisor	Male	76	January 16, 2024	January 15, 2027					15.00	No
He Shimeng	Vice President	Male	66	January 16, 2024	January 15, 2027	33,633	33,633	0		253.40	No
Chen Juli	Vice President	Male	58	January 16, 2024	January 15, 2027					623.61	No
Huang Xiangqian	Vice President	Male	55	January 16, 2024	January 15, 2027					229.38	No



Section VI Company Governance and Corporate Governance Report

Name	Position	Gender	Age	Commencement date of the term	Cessation date of the term	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares held for the year	Reason for changes	Total remuneration before tax received from the Company during the Reporting Period (RMB'0,000)	Whether they received remuneration from connected parties of the Company
Lin Yong	Vice President	Male	54	January 16, 2024	January 15, 2027					170.50	No
Wu Lide	Vice President	Male	49	January 16, 2024	January 15, 2027					259.38	No
Li Xiaoxi	Secretary to the Board of Directors	Female	40	January 16, 2024	January 15, 2027	365,600	365,600	0		92.38	No
Cheung Kit Man Alison (retired)	Independent Non-executive Director	Female	67	January 8, 2018	January 16, 2024					1.17	No
Qu Wenzhou (retired)	Independent Non-executive Director	Male	52	October 30, 2019	January 16, 2024					0.65	No
Total	/	/	/	/	/	714,061	714,061	0	/	3,457.01	/

Notes:

- The shareholdings set out in the table refer to the number of shares directly held by directors, supervisors and senior management. For information on shareholdings of Mr. Cho Tak Wong and Mr. Tso Fai, please refer to "Interests and short positions of directors, supervisors and chief executives in shares, underlying shares and debentures" under "III. Particulars of Shareholders and De Facto Controller" of "Section IX Changes in Shares and Information of Shareholders".
- Ms. Li Xiaoxi holds H shares while the others hold A shares.
- As the terms of office of members of the tenth session of the Board of Directors, members of the Board of Supervisors and the senior management of the Company expired in January 2024, the 2024 first extraordinary general meeting and the first meeting of the eleventh session of the Board of Directors of the Company were held on January 16, 2024 to re-elect/re-appoint members of the new session (i.e., the eleventh session) of the Board of Directors, members of the Board of Supervisors and the senior management, among whom, Ms. Cheung Kit Man Alison and Mr. Qu Wenzhou retired as independent non-executive directors upon the election of Mr. Dat Dzung Hao Daniel and Mr. Xue Zuyun as independent non-executive directors of the eleventh session of the Board of Directors at the 2024 first extraordinary general meeting. For details, please refer to the announcement dated January 17, 2024 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times and the websites of the SSE (<http://www.sse.com.cn>) and the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

Section VI Company Governance and Corporate Governance Report

Name	Major working experience
Cho Tak Wong	<p>Mr. Cho Tak Wong has served as an executive director and the chairman of the Board of Directors since August 1999. Mr. Cho Tak Wong is also one of the major founders, operators and investors of the Company. Mr. Cho Tak Wong currently also serves as a director of a majority of subsidiaries of the Company and holds certain positions in many organizations, including as a member of the Advisory Committee of China Federation of Industry and Commerce (全國工商聯諮詢委員會), an honorary president of the China Federation of Overseas Chinese Entrepreneurs, a vice president of the China Association for Public Companies, a vice president of the China Enterprise Reform and Development Society (中國企業改革與發展研究會) and the honorary president of China Charity Federation. Mr. Cho Tak Wong also serves as a director of each of Sanyi Development Limited, Global Cosmos German Limited and Trade Commerce Limited and the first chairman of Heren Charitable Foundation. Mr. Cho Tak Wong served as managing director of the Company from December 1994 to August 1999, vice chairman of the Board of Directors of the Company from May 1988 to December 1994 and president of the Company from June 1987 to September 2003. Mr. Cho Tak Wong worked at Fuqing County Gaoshan Special Shaped Glass Factory, a company primarily engaged in glass manufacturing business, from 1976 to June 1987. Mr. Cho Tak Wong is the father of Mr. Tso Fai, vice chairman of the Board of Directors of the Company and the father-in-law of Mr. Ye Shu, a director and president, and Mr. He Shimeng, vice president of the Company, is his brother-in-law.</p>
Tso Fai	<p>Mr. Tso Fai has served as a director of the Company since August 1998, the vice chairman of the Board of Directors of the Company since August 2015, and was the president of the Company from September 2006 to July 2015. Mr. Tso Fai is also a director of a majority of subsidiaries of the Company and holds positions in many organizations, including a member of the 14th National Committee of the Chinese People's Political Consultative Conference, a vice president of the Chamber of Commerce of the Fujian Industry and Commerce Association, the president of the Chamber of Commerce of the Fujian Private Enterprises, a member of the standing committee of the 13th Executive Committee of the All-China Federation of Industry & Commerce, an executive director of the Sixth Council of China Society for Promotion of the Guangcai Program, an honorary president of the Fujian Province Charity Federation, an honorary director of the Economic Committee of Fujian Provincial Democratic Construction Committee and an honorary director of the Youth Work Committee of Fujian Provincial Democratic Construction Committee. Mr. Tso Fai currently also serves as a director of Fujian Yaohua Industrial Village Development Co., Ltd., Homekiu Overseas Holdings Limited, Choline Limited, Trade Commerce Limited and Triplex Holdings Limited (三鋒控股管理有限公司). Mr. Tso Fai served as the president of Fuyao North America Inc. from August 2001 to December 2009; general manager of Greenville Glass Industries Inc., a member of the Company engaged in glass trading which was subsequently deregistered, from January 2001 to December 2009, and its chief financial officer from July 1996 to December 2000; president of Fuyao (Hong Kong) Co., Ltd. from March 1994 to June 1996 and the president of Sanyi Development Limited from June 1992 to February 1994. Mr. Tso Fai joined the Company in November 1989. Mr. Tso Fai received a master's degree in business administration from Baker College in the United States in December 2005, and obtained the qualification of senior economist as approved by Fujian Provincial Bureau of Civil Servants and the Office of Human Resources Development of the Fujian Province in December 2012. Mr. Tso Fai is the son of Mr. Cho Tak Wong, the chairman and the de facto controller of the Company, the nephew of Mr. He Shimeng, a vice president of the Company, and Mr. Ye Shu, a director and the president of the Company, is his brother-in-law.</p>



Section VI Company Governance and Corporate Governance Report

Name	Major working experience
Ye Shu	<p>Mr. Ye Shu has served as an executive director of the Company since October 2019 and the president of the Company since March 2017. Mr. Ye Shu currently also serves as a director of a majority of subsidiaries of the Company. Mr. Ye Shu served as the vice president of the Company from February 2017 to March 2017, the director of the supply management department of the Company from June 2009 to February 2017, the vice president of the procurement department of the Company from March 2009 to June 2009, and the president of Fuyao Hainan Float Glass Co., Ltd. from May 2008 to November 2008. Mr. Ye Shu joined the Company in July 2003, worked in the supporting department, the preparatory team and other departments, and successively served as deputy manager, vice president and other positions of the Company and its subsidiaries from July 2003 to May 2008. From November 2008 to March 2009, Mr. Ye Shu left the Company and served as the president of Fujian Yaohua Industrial Village Development Co., Ltd.. Mr. Ye Shu graduated with a bachelor's degree in international trade from Xiamen University in July 1995, and a master's degree in economics from Xiamen University in July 1999. Mr. Ye Shu is the de facto controller of the Company, the son-in-law of Mr. Cho Tak Wong, the chairman of the Board of Directors, and the brother-in-law of Mr. Tso Fai, the vice chairman of the Board of Directors of the Company.</p>
Chen Xiangming	<p>Mr. Chen Xiangming has served as an executive director of the Company since February 2003, the chief financial officer of the Company since August 2015, secretary to the Board of Directors from October 2012 to March 2016 and joint company secretary since October 2014. Mr. Chen Xiangming currently also serves as a director of a majority of the subsidiaries of the Company. Mr. Chen Xiangming served as the manager of the accounting department of the Company from February 2002 to December 2002. Mr. Chen Xiangming was the chief financial officer of the Company from August 1999 to January 2002 and from January 2003 to November 2014. Prior to that, Mr. Chen Xiangming was the manager of the finance department of the Company from October 1994 to June 1998. Mr. Chen Xiangming joined the Company in February 1994. Mr. Chen Xiangming graduated from Nanjing Forestry University in June 1991 with a college diploma in finance and accounting, and received a certificate of the comprehensive national uniform examination for staff of equivalent academic attainments to apply for a master's degree in business administration from Fujian Province Degree Committee in June 1999. Mr. Chen Xiangming obtained the qualification as an accountant as approved by the Ministry of Personnel of the PRC in December 1996 and the qualification as a senior economist as approved by the Fujian Provincial Bureau of Civil Servants and the Office of Human Resources Development of the Fujian Province in December 2012.</p>
Wu Shinong	<p>Mr. Wu Shinong has served as a non-executive director of the Company since December 2005. He joined the Company as an independent non-executive director from April 2000 to December 2005. Mr. Wu Shinong is currently the vice president of Heren Charitable Foundation. Mr Wu Shinong also serves as an independent non-executive director of Guangdong Baolihua New Energy Stock Co., Ltd. (廣東寶麗華新能源股份有限公司) (a company listed on the Shenzhen Stock Exchange (the "SZSE"), stock code: 000690). Mr. Wu Shinong served as an independent non-executive director of Chongqing Dima Industry Co., Ltd. (a company listed on the SSE, stock code: 600565) from 16 May 2019 to 14 December 2022; an independent non-executive director of Fujian Longking Co., Ltd. (福建龍淨環保股份有限公司) (a company listed on the SSE, stock code: 600388) from 30 December 2020 to 21 February 2024; and an independent non-executive director of Industrial Securities Co., Ltd. (a company listed on the SSE, stock code: 601377) from 29 November 2017 to 22 February 2024. Mr. Wu Shinong served as the vice principal of Xiamen University from December 2001 to November 2012. He served in the School of Management of Xiamen University from September 1999 to April 2003 with his last role as a dean. Mr. Wu Shinong served as the dean of School of Business Administration of Xiamen University from May 1996 to September 1999, a Fulbright visiting professor at Stanford University from September 1994 to July 1995 and the director of the MBA Center of Xiamen University from May 1991 to April 1996. Mr. Wu Shinong obtained a master's degree in business administration from Dalhousie University in Canada in May 1986 and a doctorate in economics from Xiamen University in December 1992.</p>

Section VI Company Governance and Corporate Governance Report

Name	Major working experience
Zhu Dezhen	<p>Ms. Zhu Dezhen has served as a non-executive director of the Company since November 2011. She currently also serves as a director of Heren Charitable Foundation, and has been the chairman of the board of directors and the president of Xiamen Deyi Equity Investment Management Co., Ltd. since July 2016. Ms. Zhu Dezhen currently also serves as an independent non-executive director of China Yongda Automobiles Service Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 3669). Ms. Zhu Dezhen served as an independent non-executive director of Bright Dairy Co., Ltd. (光明乳業股份有限公司) (a company listed on the SSE, stock code: 600597) from April 2015 to June 2022. Ms. Zhu Dezhen served as the president of Shanghai Guohe Modern Services Industries Equity Investment Management Co., Ltd. from December 2010 to June 2016, the chief investment officer and president of the private banking department of China Minsheng Banking Corp., Ltd. from July 2008 to December 2010 and president of Fortune CLSA Securities Limited (formerly known as China Euro Securities Co., Ltd.) from June 2003 to May 2008. Ms. Zhu Dezhen obtained a bachelor's degree in literature from Xiamen University in May 1982, a bachelor's degree in economics from College of Saint Elizabeth in May 1990, a master's degree in business administration from Pace University in the United States in June 1992 and a doctorate degree in economics from Xiamen University in September 2013.</p>
Liu Jing	<p>Mr. Liu Jing has served as an independent non-executive director of the Company since October 2019. Mr. Liu Jing served as the dean of the Faculty of Social Works of the Open University of China from July 2014 to May 2023. Mr. Liu Jing served as the head of China Philanthropy Times from June 2001 to July 2022 and the vice president and general secretary of China Federation of Social Workers from March 2007 to December 2021. Mr. Liu Jing graduated from Beijing Open University majoring in Chinese in July 1985, from the Graduate School of Chinese Academy of Social Sciences majoring in management with a master's degree in management in July 2000, and from the National School of Development of Peking University majoring in international business management with an executive master of business management degree in July 2002.</p>
Xue Zuyun	<p>Mr. Xue Zuyun has served as an independent non-executive director of the Company since January 2024 and is currently an independent non-executive director of Joeone Co., Ltd. (a company listed on the SSE, stock code: 601566) and Xiamen Xiangyu Co. Ltd. (a company listed on the SSE, stock code: 600057). Mr. Xue Zuyun has served as an independent non-executive director of Contemporary Amperex Technology Co., Limited (a company listed on the SZSE, stock code: 300750) from June 2017 to August 2023; an independent non-executive director of Aojiahua Intelligent Health Technology Group Co., Ltd. (a company listed on the SZSE, stock code: 002614) from March 2017 to September 2023; and a professor in the Department of Accounting of the School of Management of Xiamen University from May 2001 to July 2023. Mr. Xue Zuyun graduated from Dalian Maritime College majoring in marine engineering management with a bachelor's degree in engineering in July 1983; from Xiamen University majoring in accounting with a master's degree in accounting in July 1991; from Xiamen University majoring in accounting with a doctoral degree in management in July 1999.</p>
Dat Dzung Hao Daniel	<p>Mr. Dat Dzung Hao Daniel has served as an independent non-executive director of the Company since January 2024 and the managing director of Asia Carbon Search Limited since April 2019, and was a director of Executive Access Limited from August 2007 to January 2019. Mr. Dat Dzung Hao Daniel graduated from the School of Science and Engineering of the University of Manchester majoring in international business management with a bachelor's degree in management in June 2002.</p>



Section VI Company Governance and Corporate Governance Report

Name	Major working experience
Bai Zhaohua	<p>Mr. Bai Zhaohua has served as an employee representative supervisor and the chairman of the Board of Supervisors of the Company since August 2015 and currently serves as the project director of the Fuyao aluminum alloy program. He served as an executive director of the Company from December 2006 to July 2015 and vice president of the Company from August 1999 to July 2015. Mr. Bai Zhaohua joined the Company in November 1995, and was previously a director of the Company from August 1999 to July 2001. Mr. Bai Zhaohua served as the president of Fujian Yaohua Automotive Parts Co., Ltd. from June 1998 to August 1999, vice president of Fujian Wanda Automobile Glass Industry Co., Ltd. from December 1996 to June 1998 and factory director of the laminated glass factory of the same company from November 1995 to December 1996.</p>
Chen Mingsen	<p>Mr. Chen Mingsen has served as a supervisor of the Company since March 2015. Mr. Chen Mingsen is currently the dean and professor of the Institute of Industry and Corporate Development of the Fujian Provincial Committee Party School. He has been a part-time researcher of the Belt and Road Research Institute of Xiamen University since April 2023; a special expert of the Monetary Policy Committee of the People's Bank of China since February 2017, an adjunct professor of the School of Economics and Management of Fuzhou University since May 1995 as well as of the School of Economics and Finance of Huaqiao University since November 2005. Mr. Chen Mingsen served as the independent director of Fujian Nanping Sun Cable Co., Ltd. (福建南平太陽電纜股份有限公司) (a company listed on the SZSE, stock code: 002300) from May 2016 to April 2022. Mr. Chen Mingsen served as the director and associate professor of the Economic Research Office of Fujian Normal University, the head and researcher of the Institute of Economics of Fujian Academy of Social Sciences, the head and professor of the Institute of Economic Management of Xiamen National Accounting Institute, the adjunct professor and doctoral supervisor of the School of Economics of Xiamen University and an economic adviser of the People's Government of Fujian Province. Mr. Chen Mingsen obtained a master's degree in economics from Fujian Normal University in December 1981.</p>
Ma Weihua	<p>Mr. Ma Weihua has served as a supervisor of the Company since October 2019. Mr. Ma Weihua is currently the chairman of the board of directors of China Global Philanthropy Institute. Mr. Ma Weihua currently also serves as an independent non-executive director of each of Haidilao International Holding Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 6862) and China Gas Holdings Limited (a company listed on Hong Kong Stock Exchange, stock code: 0384), and a non-executive director of Modern Innovative Digital Technology Company Limited (a company listed on the Hong Kong Stock Exchange, stock code: 02322). Mr. Ma Weihua served as the chairman and a non-executive director of Bison Finance Group Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 0888) from November 2017 to September 2023, the independent director of Guangdong Qunxing Toys Joint Stock Co., Ltd. (廣東群興玩具股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002575) from August 2020 to October 2022, an independent non-executive director of Legend Holdings Corporation (a company listed on Hong Kong Stock Exchange, stock code: 3396) from 15 March 2015 to 27 June 2024, the chairman of the board of directors of Wing Lung Bank Ltd. (now renamed as "CMB Wing Lung Bank Ltd.") from October 2008 to May 2015 and served as an executive director, president and chief executive officer of China Merchants Bank Co., Ltd. from January 1999 to May 2013. Mr. Ma Weihua obtained a bachelor's degree in economics from Jilin University majoring in national economic management in August 1982, and a doctorate in economics from Southwest University of Finance and Economics majoring in economics in June 1999.</p>

Section VI Company Governance and Corporate Governance Report

Name	Major working experience
He Shimeng	Mr. He Shimeng has served as a vice president of the Company since August 1999. Mr. He Shimeng served as the president of the production department of the Company from March 1995 to November 1999, the vice president of the sales department of the Company from August 1994 to February 1995 and the manager of the production department of the Company from July 1988 to August 1994. Mr. He Shimeng joined the Company in July 1988. Mr. He Shimeng graduated from the Naval University of Engineering in the PRC in June 2001 with a college diploma, majoring in management engineering. Mr. He Shimeng is the brother-in-law of Mr. Cho Tak Wong, the de facto controller and the chairman of the Board of Directors of the Company, and the uncle of Mr. Tso Fai, the vice chairman of the Board of Directors of the Company.
Chen Juli	Mr. Chen Juli has served as a vice president of the Company since February 2002. Mr. Chen Juli has also served as the president of Fuyao (Hong Kong) Co., Ltd. since September 1997 and president of Fuyao Group (Hong Kong) Co., Ltd. since March 2010. Prior to his current position, Mr. Chen Juli served various positions in the Company or its subsidiaries, including vice president of Fujian Wanda Automobile Glass Industry Co., Ltd. from July 1995 to August 1997, the manager of the sales department of the Company from July 1994 to July 1995 and the manager of the export department of the Company from May 1992 to July 1994. Mr. Chen Juli joined the Company in July 1989. Mr. Chen Juli also served as a director of the Company from December 1994 to July 2001. Mr. Chen Juli graduated from Beijing University of Aeronautics and Astronautics in July 1989, majoring in management information system and earning a bachelor's degree in engineering.
Huang Xianqian	Mr. Huang Xianqian has served as a vice president of the Company since August 2015. Mr. Huang Xianqian held various positions in the Company, including the director of the operation department and an assistant to the president of the Company from February 2011 to July 2015, the general manager of Guangzhou Fuyao Glass Co., Ltd. from June 2008 to February 2011, and vice president of the commerce department of the Company from May 2003 to June 2008. Since Mr. Huang Xianqian joined the Company in September 1990, he has worked in positions in connection with quality, process and factory. From January 1993 to May 2003, he successively served as the manager of the product development department, director of factory, manager of the sales department of the Company and its subsidiaries. Mr. Huang Xianqian graduated from Fuzhou University with a bachelor's degree majoring in geological and mineral exploration in July 1990.
Wu Lide	Mr. Wu Lide has served as the vice president of the Company since August 2017. Mr. Wu Lide held various positions in the Company or its subsidiaries, including the president of Fujian Wanda Automobile Glass Industry Co., Ltd. from July 2015 to August 2017, vice president of Fujian Wanda Automobile Glass Industry Co., Ltd. from April 2015 to July 2015, and the business manager of the sales department of Fuyao Glass Group (Chongqing) Co., Ltd. (福耀玻璃集團(重慶)有限公司) from March 2002 to April 2015. Since Mr. Wu Lide joined the Company in March 1997, he worked in different positions such as manufacturing, logistics and factory, and successively served as the manager of the logistics department and the director of a factory and other positions in the Company and its subsidiaries. Mr. Wu Lide obtained a Seminar Core Course Diploma in Business Administration (《工商管理核心課程研修班結業證書》) issued by the School of Management of Xiamen University in May 2012.



Section VI Company Governance and Corporate Governance Report

Name	Major working experience
Lin Yong	Mr. Lin Yong has served as a vice president of the Company since February 2017. Mr. Lin Yong held various positions in the Company, including the chief operating officer of the Company from May 2016 to February 2017, the general manager of Fuyao Group (Shanghai) Automobile Glass Co., Ltd. from March 2010 to April 2016, the vice president (person in-charge) of Fujian Wanda Automobile Glass Industry Co., Ltd. from September 2007 to March 2010, the vice president and factory manager of No. 5 Factory of Fujian Wanda Automobile Glass Industry Co., Ltd. from April 2007 to August 2007, and the vice president of Fuyao Group (Shanghai) Automobile Glass Co., Ltd. from June 2005 to March 2007. Mr. Lin Yong worked in different positions in the process department, workshop and other departments, and successively served as a workshop director, the chief of the process department, the director of the laminated glass factory and other positions in the Company and its subsidiaries from February 1993 to May 2005. Mr. Lin Yong joined the Company in February 1993. Mr. Lin Yong graduated with a bachelor's degree in silicate engineering from Fuzhou University in July 1991.
Li Xiaoxi	Ms. Li Xiaoxi has served as the secretary to the Board of Directors since March 2016. Ms. Li Xiaoxi served as the brand manager of the branding department, vice president of the VIP department and vice president of the marketing department at Beijing Capital Airlines Co., Ltd. (Deer Jet) from February 2012 to August 2015. Ms. Li Xiaoxi joined the Company in August 2015. Ms. Li Xiaoxi graduated with a bachelor degree in marketing from the University of Ottawa in Canada in May 2006 and a M.A. degree in journalism from Sichuan University in June 2010 and a master's degree in Business Administration for Senior Executives from Peking University's School of Management in January 2022. Ms. Li Xiaoxi has a qualification certificate for board secretaries of listed companies issued by the SSE.

(II) POSITIONS OF CURRENT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AND THOSE RESIGNED DURING THE REPORTING PERIOD

1. Positions in shareholder entities

Name	Name of shareholder entities	Position held in shareholder entities	Commencement date of term	Cessation date of term
Cho Tak Wong	Heren Charitable Foundation	First Chairman	April 28, 2021	Present
Cho Tak Wong	Sanyi Development Limited	Director	April 4, 1991	Present
Tso Fai	Homekiu Overseas Holdings Limited	Director	May 15, 2018	Present
Tso Fai	Fujian Yaohua Industrial Village Development Co., Ltd.	Director	September 1, 2016	Present
Wu Shinong	Heren Charitable Foundation	Council member	December 9, 2010	Present
Zhu Dezhen	Heren Charitable Foundation	Council member	December 9, 2010	Present
Details of positions in shareholder entities	As of the end of the Reporting Period, the positions and concurrent positions of the directors, supervisors and senior management of the Company are in compliance with the relevant laws and regulations without dual position forbidden by laws.			

Section VI Company Governance and Corporate Governance Report

2. Positions in other entities

Name	Name of other entities	Position held in other entities	Commencement date of term	Cessation date of term
Cho Tak Wong	Trade Commerce Limited	Director	December 28, 1995	Present
Cho Tak Wong	Global Cosmos German Limited	Director	December 10, 2015	Present
Tso Fai	Chopline Limited	Director	May 25, 1993	Present
Tso Fai	Trade Commerce Limited	Director	December 28, 1995	Present
Tso Fai	Triplex Holdings Limited	Director	May 13, 2015	Present
Tso Fai	Fujian Triplex Investment Group Co., Ltd.	Director and President	May 15, 2018	Present
Tso Fai	Fujian Yidao Daka Commercial Management Co., Ltd.	Executive Director	August 30, 2023	Present
Tso Fai	Fujian Triplex Auto Parts Development Co., Ltd.	Executive Director and President	November 15, 2021	Present
Tso Fai	Fujian Juhong Baina Technology Co., Ltd.	Executive Director and President	November 15, 2021	Present
Tso Fai	Fujian Tongyuan Green Energy Technology Co., Ltd. (福建桐源綠能科技有限公司)	Director and President	January 27, 2022	Present
Tso Fai	Fujian Hongjin Optoelectronic Industry Co., Ltd. (福建鴻錦光電產業有限公司)	Chairman	March 23, 2022	Present
Tso Fai	Fujian Huijin Precision Technology Co., Ltd. (福建匯錦精密科技有限公司)	Chairman	February 27, 2023	Present
Tso Fai	Fuqing Yidao Daka Education Consulting Co., Ltd. (福清易道大咖教育諮詢有限公司)	Director	July 8, 2024	Present
Tso Fai	Fuqing Fengyun Data Information Co., Ltd. (福清鋒雲數據信息有限公司)	Executive Director	February 27, 2024	Present
Wu Shinong	Shanghai Huiruida Finance Consulting Service Centre (上海慧瑞達財務諮詢服務中心)	Investor	November 26, 2018	Present
Wu Shinong	Xin Zhongyuan Toyota Automotive Energy System Co., Ltd. (新中源豐田汽車能源系統有限公司)	Director	December 14, 2013	Present
Wu Shinong	Xiamen ITG Holding Group Co., Ltd. (廈門國貿控股集團有限公司)	Director	April 10, 2024	Present
Wu Shinong	Guangdong Baolihua New Energy Stock Co., Ltd.	Independent Non-executive Director	April 23, 2021	Present
Zhu Dezhen	Xiamen Deyi Equity Investment Management Limited	Chairman of the Board of Directors and President	July 1, 2016	Present
Zhu Dezhen	China Yongda Automobiles Service Holdings Limited	Independent Non-executive Director	May 8, 2015	Present
Liu Jing	Daai Yucai Investment Management Co., Ltd. (大愛育才投資管理有限公司)	Director	August 19, 2017	Present
Liu Jing	Xianyang Minfu Real Estate Development Co., Ltd. (咸陽民福房地產開發有限公司)	Chairman	January 26, 2016	Present
Liu Jing	Jinma Advertising Co., Ltd. (金馬廣告有限公司)	Vice chairman	April 5, 2016	Present

Section VI Company Governance and Corporate Governance Report

Name	Name of other entities	Position held in other entities	Commencement date of term	Cessation date of term
Liu Jing	Shenzhen Nanshan District Dachonglida Fur Factory (深圳南山區大沖利達皮草來料加工廠)	Chairman	May 30, 1991	Present
Liu Jing	Mingfeng Handbag Factory of Shenzhen Nantou District Xili Union Enterprise Company (深圳市南頭區西麗聯合企業公司明豐手袋來料加工廠)	Chairman	April 20, 1988	Present
Xue Zuyun	Joeone Co., Ltd.	Independent Non-executive Director	May 17, 2022	Present
Xue Zuyun	Xiamen Xiangyu Joint Stock Company Limited (廈門象嶼股份有限公司)	Independent Non-executive Director	November 4, 2022	Present
Dat Dzung Hao Daniel	Asia Carbon Search Limited	Managing director	April 1, 2019	Present
Ma Weihua	Haidilao International Holding Ltd.	Independent Non-executive Director	August 24, 2021	Present
Ma Weihua	China Gas Holdings Limited	Independent Non-executive Director	February 1, 2022	Present
Ma Weihua	Modern Innovative Digital Technology Company Limited	Non-executive Director	August 21, 2024	Present
Ma Weihua	Shenzhen Metro Group Co., Ltd. (深圳市地鐵集團有限公司)	Director	December 6, 2021	Present
Ma Weihua	Shenzhen Investment Holdings Company Limited (深圳市投資控股有限公司)	Director	July 22, 2019	Present
Ma Weihua	Sichuan Bank Company Limited	Director	November 5, 2020	Present
Ma Weihua	China Merchants Financial Holdings Co., Ltd.	Director	September 18, 2022	Present
Ma Weihua	Shenzhen Letu Precision Medical Technology Co., Ltd. (深圳市樂土精準醫療科技有限公司)	Director	February 29, 2016	Present
Ma Weihua	Four Rivers Private Fund Management Co., Ltd. (四源合私募基金管理有限公司)	Chairman	July 14, 2014	Present
Ma Weihua	Qianhai Fangzhou Asset Management Co., Ltd. (前海方舟資產管理有限公司)	Director	September 1, 2016	Present
Ma Weihua	SusallWave Digital Technology (Shenzhen) Co., Ltd. (盟浪可持續數字科技(深圳)有限責任公司)	Chairman	April 20, 2021	Present
Ma Weihua	Shenzhen Huaqing Qianhai Investment Management Co., Ltd. (深圳市華慶前海投資管理有限公司)	Director	September 16, 2015	Present
Ma Weihua	SusallWave Digital Technology (Chongqing) Co., Ltd. (盟浪可持續(重慶)數字科技有限責任公司)	Director	August 19, 2024	Present
Ma Weihua	Mengfa Sustainable Investment Consulting (Shenzhen) Co., Ltd. (盟發可持續投資諮詢(深圳)有限責任公司)	Executive Director	April 2, 2021	Present

Section VI Company Governance and Corporate Governance Report

(III) REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Decision-making process of remuneration of directors, supervisors and senior management	The implementation is subject to the approval of the Board of Directors and the general meeting of the Company.
Whether a director recuses himself/herself when the Board discusses his/her remuneration	The Company implemented the remuneration proposal considered and approved by the general meeting.
Specific information on the recommendations made by the remuneration and assessment committee or the special meeting of independent directors on the remuneration of directors, supervisors and senior management	During the Reporting Period, the remuneration and assessment committee under the Board of Directors of the Company reviewed and approved the Summary Report of Duty Performance of the Remuneration and Assessment Committee of the Board of Directors for the Year of 2023. The remuneration and assessment committee under the Board of Directors was of the view that all the directors, supervisors and senior management of the Company performed well with diligence and dedication in 2023, the remuneration for 2023 paid by the Company to its directors, supervisors and senior management was fair and reasonable and in compliance with the relevant provisions of the Company's remuneration system and assessment criteria, without any occurrence of violation of the Company's remuneration system and the Service Contract signed with the Company. In 2023, the Company did not implement the equity incentive scheme.
Basis for determination of remuneration of directors, supervisors and senior management	A combination of fixed emoluments and allowances, basic salaries and year-end performance bonus.
Actual amount of remuneration paid to directors, supervisors and senior management	The total remuneration payable to directors, supervisors and senior management of the Company for the year amounted to RMB34,570,100 (before tax). Please refer to "Changes in shareholding of current directors, supervisors and senior management and those resigned during the Reporting Period and their remuneration" in this section for details.
Total remuneration actually received by all directors, supervisors and senior management at the end of the Reporting Period	The total remuneration payable to directors, supervisors and senior management of the Company for the year amounted to RMB34,570,100 (before tax). Please refer to "Changes in shareholding of current directors, supervisors and senior management and those resigned during the Reporting Period and their remuneration" in this section for details.



Section VI Company Governance and Corporate Governance Report

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

Name	Position held in the Company	Changes	Reason for the changes
Xue Zuyun	Independent Non-executive Director	Election	Due to the expiration of the session of the Board of Directors, the election was considered and approved at the 2024 first extraordinary general meeting
Dat Dzung Hao Daniel	Independent Non-executive Director	Election	Due to the expiration of the session of the Board of Directors, the election was considered and approved at the 2024 first extraordinary general meeting
Qu Wenzhou	Independent Non-executive Director	Retirement	Due to the expiration of the session of the Board of Directors, the retirement took effect upon election of the new session of independent non-executive directors of the Board of Directors at the 2024 first extraordinary general meeting
Cheung Kit Man Alison	Independent Non-executive Director	Retirement	Due to the expiration of the session of the Board of Directors, the retirement took effect upon election of the new session of independent non-executive directors of the Board of Directors at the 2024 first extraordinary general meeting

Note: As the terms of office of members of the tenth session of the Board of Directors, members of the Board of Supervisors and the senior management of the Company expired in January 2024, the 2024 first extraordinary general meeting and the first meeting of the eleventh session of the Board of Directors of the Company were held on January 16, 2024 to re-elect/re-appoint members of the new session (i.e., the eleventh session) of the Board of Directors, members of the Board of Supervisors and the senior management. For details of the list of members of the new session of the Board of Directors, members of the Board of Supervisors and the senior management, please refer to "(I) Changes in shareholding of current directors, supervisors and senior management and those resigned during the Reporting Period and their remuneration" under "V. Directors, Supervisors and Senior Management" of this section. Among whom, Ms. Cheung Kit Man Alison and Mr. Qu Wenzhou retired from their respective role as an independent non-executive director upon the election of Mr. Dat Dzung Hao Daniel and Mr. Xue Zuyun as independent non-executive directors of the eleventh session of the Board of Directors at the 2024 first extraordinary general meeting. For details, please refer to the announcement dated January 17, 2024 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times and the websites of the SSE (<http://www.sse.com.cn>) and the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).



Section VI Company Governance and Corporate Governance Report

(V) CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

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

1. Mr. Wu Shinong, a non-executive director, has resigned as an independent non-executive director of Fujian Longking Co., Ltd. (福建龍淨環保股份有限公司) (a company listed on the SSE, stock code: 600388) and Industrial Securities Co., Ltd. (a company listed on the SSE, stock code: 601377).
2. Mr. Ma Weihua, a supervisor, has resigned as an independent non-executive director of Legend Holdings Corporation (a company listed on Hong Kong Stock Exchange, stock code: 03396) and has served as a non-executive director of Modern Innovative Digital Technology Company Limited (a company listed on the Hong Kong Stock Exchange, stock code: 02322) since 21 August 2024.

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

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

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

VII. THE BOARD OF DIRECTORS AND THE MANAGEMENT

(I) The Board of Directors

The Board of Directors is the permanent organization for the operation and decision-making of the Company, and shall report to the general meeting. The Board of Directors shall consist of nine directors, among whom three are independent non-executive directors. The Board of Directors shall have one chairman and one vice chairman. Mr. Cho Tak Wong is the chairman of the Board of Directors, and Mr. Tso Fai is the vice chairman of the Board of Directors. The Board of Directors and the management have respective responsibilities and liabilities, and the division of power and duty is in strict compliance with the Articles of Association, the Rules of Procedure for the Board of Directors, the Code on Work for the President, and relevant laws and regulations.

The Board of Directors shall exercise the following powers: convening general meetings and presenting reports thereto; implementing the resolutions made at the general meetings; determining the Company's business and investment plans; working out the Company's annual financial budget plans and final account plans; working out the Company's profit distribution plans and loss recovery plans; working out the Company's plans on the increase or reduction of registered capital, as well as on the issuance of bonds or other securities and listing plans; formulating proposals for material acquisitions, purchase of shares of the Company, merger, split-up, dissolution and change of the Company form; deciding on external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, etc. of the Company within the scope authorized by the general meeting; making decisions on the establishment of the Company's internal management departments; appointing or dismissing the Company's president and the secretary to the Board of Directors and determining their remuneration, rewards and punishments; appointing or dismissing the Company's vice president, chief financial officer and other senior executives and determining their remuneration, rewards and punishments according to the suggestions of the president; working out the Company's basic management system; formulating the proposals for any amendment to the Articles of Association; managing the information disclosure of the Company; proposing the employment or replacement of the accounting firm which audits the Company's accounts to the general meeting; hearing the work report of the president of the Company and examining the president's work; exercising other

Section VI Company Governance and Corporate Governance Report

powers conferred by laws, administrative regulations, departmental rules or the Articles of Association. At the same time, the Board of Directors shall timely formulate and review all types of corporate governance policies; encourage and supervise the training and continuing professional development of directors and senior management; review and monitor the compliance of the Company with applicable laws, regulations and all kinds of rules; formulate, review and examine the employees and directors of the Company in their compliance with all kinds of rules and regulations and employee manuals; supervise the Company's compliance with the Corporate Governance Code; and ensure full disclosure of corporate governance in accordance with relevant regulatory requirements in the annual report.

Each of the directors also acknowledged their responsibilities for the preparation of financial statements of the Company for the year ended December 31, 2024.

The Board of Directors has established the nomination committee, the strategy and development committee, the remuneration and assessment committee and the audit committee. The committees have respective terms of reference, report to the Board of Directors, and provide suggestions and consultations to the Board of Directors relating to its decision-making under the leadership of the Board of Directors. The committees may hire intermediaries for independent and professional opinions, and the expenses incurred shall be borne by the Company.

During the Reporting Period, in order to further enhance the scientificity of the decision-making procedure followed by the Board of Directors and to enhance the regulated and efficient operation of the Board of Directors, the Board of Directors actively developed channels of information communication, strengthened the communication with the management, and timely addressed critical issues.

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

As at the disclosure date of this report, the eleventh session of the Board of Directors of the Company consists of nine members: Mr. Cho Tak Wong, Mr. Tso Fai, Mr. Ye Shu and Mr. Chen Xiangming as executive directors, Mr. Wu Shinong and Ms. Zhu Dezhen as non-executive directors, and Mr. Liu Jing, Mr. Xue Zuyun and Mr. Dat Dzeng Hao Daniel as independent non-executive directors. The term of office of each director is three years. Mr. Cho Tak Wong is the chairman of the Board of Directors, and the term of his office is the same as that of the eleventh session of the Board of Directors.

Except for the working relationship in the Company and (1) the relationship between Mr. Cho Tak Wong, the chairman of the Board of Directors, and Mr. Tso Fai, the vice chairman of the Board of Directors, as father and son; (2) Mr. Ye Shu, an executive director and the president of the Company, being the son-in-law of Mr. Cho Tak Wong and the brother-in-law of Mr. Tso Fai; (3) Mr. He Shimeng, the vice president of the Company, being the brother-in-law of Mr. Cho Tak Wong and the uncle-in-law of Mr. Tso Fai, the members of the Board of Directors are not related in terms of finance, business and family. They also have no other material relationships.

During the Reporting Period, the Board of Directors held six meetings, at which all resolutions were considered and approved, and no directors voted against or abstained from voting on the resolutions considered and approved thereat.

(II) The Management

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

Section VI Company Governance and Corporate Governance Report

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

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

VIII. MEETINGS OF THE BOARD OF DIRECTORS HELD DURING THE REPORTING PERIOD

Session of meeting	Date of meeting	Meeting resolution(s)
The first meeting of the eleventh session of the Board of Directors	January 16, 2024	For details, please refer to the Announcement on the Resolutions of the First Meeting of the Eleventh Session of the Board of Directors of Fuyao Glass dated January 17, 2024 on the websites of the SSE (http://www.sse.com.cn) and the Hong Kong Stock Exchange (http://www.hkexnews.hk).
The second meeting of the eleventh session of the Board of Directors	January 25, 2024	For details, please refer to the Announcement on the Resolutions of the Second Meeting of the Eleventh Session of the Board of Directors of Fuyao Glass dated January 26, 2024 on the websites of the SSE (http://www.sse.com.cn) and the Hong Kong Stock Exchange (http://www.hkexnews.hk).
The third meeting of the eleventh session of the Board of Directors	March 15, 2024	For details, please refer to the Announcement on the Resolutions of the Third Meeting of the Eleventh Session of the Board of Directors of Fuyao Glass dated March 16, 2024 on the websites of the SSE (http://www.sse.com.cn) and the Hong Kong Stock Exchange (http://www.hkexnews.hk).
The fourth meeting of the eleventh session of the Board of Directors	April 25, 2024	For details, please refer to the Announcement on the Resolutions of the Fourth Meeting of the Eleventh Session of the Board of Directors of Fuyao Glass dated April 26, 2024 on the websites of the SSE (http://www.sse.com.cn) and the Hong Kong Stock Exchange (http://www.hkexnews.hk).
The fifth meeting of the eleventh session of the Board of Directors	August 6, 2024	For details, please refer to the Announcement on the Resolutions of the Fifth Meeting of the Eleventh Session of the Board of Directors of Fuyao Glass dated August 7, 2024 on the websites of the SSE (http://www.sse.com.cn) and the Hong Kong Stock Exchange (http://www.hkexnews.hk).
The sixth meeting of the eleventh session of the Board of Directors	October 17, 2024	For details, please refer to the Announcement on the Resolutions of the Sixth Meeting of the Eleventh Session of the Board of Directors of Fuyao Glass on the websites of the SSE (http://www.sse.com.cn) and the Hong Kong Stock Exchange (http://www.hkexnews.hk) dated October 18, 2024 and October 17, 2024, respectively.

Section VI Company Governance and Corporate Governance Report

IX. THE PERFORMANCE OF DUTIES OF THE DIRECTORS

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

Names of directors	Whether he/she is an independent director	Number of meetings of the Board of Directors required to attend	Attendance at meetings of the Board of Directors				Attendance at the general meetings			
			Number of times of attendance in person	Number of times of attendance through communications	Attendance rate (%)	Number of times of attendance by proxy	Absent for two consecutive meetings without attending in person	Number of general meetings attended	Attendance rate (%)	
Cho Tak Wong	No	6	6	2	100	0	0	No	2	67
Tso Fai	No	6	6	1	100	0	0	No	3	100
Ye Shu	No	6	6	2	100	0	0	No	3	100
Chen Xiangming	No	6	6	1	100	0	0	No	3	100
Wu Shinong	No	6	6	5	100	0	0	No	1	33
Zhu Dezhen	No	6	6	1	100	0	0	No	3	100
Liu Jing	Yes	6	6	3	100	0	0	No	3	100
Xue Zuyun	Yes	6	6	1	100	0	0	No	3	100
Dat Dzung Hao Daniel	Yes	6	6	2	100	0	0	No	3	100
Number of meetings of the Board of Directors held during the year										6
Among them: Physical meetings held										0
Meetings held through communications										1
Meetings held through a combination of physical meetings and meetings through communications										5

(II) Training of the Directors

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

As at December 31, 2024, all directors have attended trainings in accordance with the code provisions of the Corporate Governance Code with respect to continuous professional development. Their records of training for the year ended December 31, 2024 are as follows:

Director	Duration of training (Hours)	
	A	H
Executive directors		
Cho Tak Wong	20	15
Tso Fai	20	15
Ye Shu	20	15
Chen Xiangming	20	30
Non-executive directors		
Wu Shinong	20	15
Zhu Dezhen	20	15
Independent non-executive directors		
Liu Jing	41	15
Xue Zuyun	41	16
Dat Dzung Hao Daniel	41	16

Section VI Company Governance and Corporate Governance Report

Notes :

1. A: Trainings on the rules issued by the SSE and other directors' responsibilities; H: Trainings on the Hong Kong Listing Rules and other directors' responsibilities.
2. Mr. Xue Zuyun and Mr. Dat Dzung Hao Daniel, the new independent non-executive directors whose appointment became effective as from January 16, 2024, have studied in detail the Director's Responsibility Memorandum and other relevant materials provided by Latham & Watkins LLP, the Hong Kong legal advisor of the Company, in accordance with Rule 3.09D of the Hong Kong Listing Rules prior to assuming office, and have received directors' training on January 5, 2024 and exchanged views with the Hong Kong legal advisor in respect of relevant directors' responsibilities. Each of the two independent non-executive directors has confirmed that they have understood all the requirements of the Hong Kong Listing Rules applicable to them as directors of listed issuers and the possible consequences of making a false statement or providing false information to the Hong Kong Stock Exchange.

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

According to the regulatory requirements of the places where shares of the Company are listed, the Board of Directors stringently discharged its duties of corporate governance specified in the Rules of Procedure for the Board of Directors. The relevant duties include but are not limited to:

- To develop and review the Company's policies and practices on corporate governance and make recommendations.
- To review and monitor the training and continuous professional development of directors and senior management. During the Reporting Period, the Board of Directors timely informed directors and senior management of the relevant regulatory regulations so as to enable them to continuously develop their professional skills and capabilities to discharge their duties.
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements. The Board of Directors constantly paid attention to the compliance of the operation of the Company. The Company established the legal department and hired counsels to reduce legal and regulatory risks.
- To review the Company's compliance with the Corporate Governance Code and its disclosure in the Corporate Governance Report. The Board of Directors required the Company to stringently follow the requirements relevant to corporate governance in the listing rules of the stock exchanges where the shares of the Company are listed, and to timely disclose information relevant to corporate governance.



Section VI Company Governance and Corporate Governance Report

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

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

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

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

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

XI. INDEPENDENT NON-EXECUTIVE DIRECTORS

According to the Rules of Procedure for the Board of Directors of the Company, the term of office of the directors shall be three years and they may be reappointed upon re-election, but the consecutive terms of office of the independent non-executive directors shall not exceed six years. As at the date of the disclosure of this report, the Board of Directors consisted of nine members, among which there were three independent non-executive directors including Mr. Xue Zuyun, who possesses the qualifications of accounting and financial management. The composition of the Board of Directors was in compliance with the requirements of Rule 3.10(1) "The Board of Directors must consist of at least three independent non-executive directors", Rule 3.10A "independent non-executive directors must take up at least a proportion of one-third of the members of the Board of Directors", and Rule 3.10(2) "one of the independent non-executive directors must possess appropriate professional qualifications, or possess appropriate accounting and relevant financial management specialties" of the Hong Kong Listing Rules.

The Company received the letter of confirmation relating to their independence in accordance with Rule 3.13 of the Hong Kong Listing Rules from all the independent non-executive directors, and considered and confirmed their independent status. All independent non-executive directors were able to express opinions objectively and independently, which ensured the independence and fairness of the Board of Directors' decisions. During the Reporting Period, the Company also held the 2024 first meeting of the chairman and independent non-executive directors.



Section VI Company Governance and Corporate Governance Report

XII. SPECIAL COMMITTEES UNDER THE BOARD OF DIRECTORS

Four special committees established by the Board of Directors of the Company, namely the strategy and development committee, the audit committee, the nomination committee and the remuneration and assessment committee, worked stringently in accordance with laws, regulations, the Articles of Association and the relevant requirements of their respective terms of reference. The committees fulfilled their duties, concretely exercised the duties and powers granted by the Board of Directors, positively affected the optimization of the corporate governance structure and the enhancement of the Company's development. During the Reporting Period, the Board of Directors has not raised any objections to the resolutions of the Board of Directors and other resolutions not made by the Board of Directors.

1. The Company has established the strategy and development committee in accordance with the requirements of the Code of Corporate Governance for Listed Companies. The strategy and development committee is mainly responsible for conducting feasibility research on the Company's long-term development and strategy plans as well as major strategic investments, and shall report its work and be accountable to the Board of Directors. The terms of reference of the strategy and development committee were published on the websites of the Company and the SSE.
2. 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 the economic activities of the Company and shall report its work and be accountable to the Board of Directors. The terms of reference of the audit committee were published on the websites of the Company and the SSE.

During the Reporting Period, the audit committee convened meetings to jointly consider the financial position, accounting policy, internal control system and relevant financial issues; expressed opinions on issues relevant to the appointment of external audit institutions, listened to the audit and inspection reports on the financial reports from the external audit institution, and conducted analysis and review of the financial reports of the Company in accordance with the requirements of various laws, regulations and rules, and other relevant information of the Company in order to ensure the completeness, fairness and accuracy of the financial statements, reports and other relevant information of the Company; guided the internal audit work; supervised the optimization of the Company's risk management and internal control system, evaluated the effectiveness of risk management and internal control, reviewed continuing connected transactions and implemented the management of conflict of interest, etc. The audit committee further established a comprehensive, sound and effective internal control system.

During the Reporting Period, in accordance with the relevant requirements of the Company Law, the Securities Law, the Accounting Law, the Basic Norms for Enterprise Internal Controls and its supporting guidelines, the Internal Control Guidelines for Listed Companies on the SSE and other internal control regulatory rules, the audit committee sorted out, assessed and identified the risks faced by the Company, determined a list of important risks, and oversaw and improved the measures on risk management and control, so as to ensure that the rules would be followed during the activities of management and control at each important risk point of the Company, the resources would be allocated in place and the standardized operation would be achieved. The Company managed to prevent and control the risks appropriately. The audit committee considers that the actual operations of the risk management system and internal control of the Company are in compliance with the requirements of the relevant corporate governance regulations on listed companies issued by the CSRC.

During the Reporting Period, the audit committee held three meetings with the auditors engaged by the Company.



Section VI Company Governance and Corporate Governance Report

3. The Company has established a nomination committee in accordance with Rule 3.27A of 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 change and recommendation of candidates for directors and senior management to the Board of Directors and evaluating the independency of the independent non-executive directors. The terms of reference of the nomination committee were published on the websites of the Company, the SSE and Hong Kong Stock Exchange.

The Company has formulated the Board Diversity Policy and reviewed its effectiveness annually, which covers: (1) Policy statement: In designing the composition of the Board of Directors, the Company will consider the diversity of the Board members from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, expertise, skills, know-how and term of service. All appointments will be made in accordance with the principle of meritocracy, and candidates will be considered against objective criteria, having due regard to the benefits of diversity in the Board of Directors; and (2) Measurable objectives: Selection of candidates by the Company will be based on a range of diversified criteria, including but not limited to gender, age, cultural and educational background, ethnicity, expertise, skills, know-how and term of service. In this regard, when selecting members for the Board of Directors, the Company will make decisions based on the merits of the selected candidates and their possible contributions to the Board of Directors. The Board of Directors considers that the Company has achieved its objectives in terms of the Board diversity during the Reporting Period, which include (i) ensuring at least one female director on the Board; (ii) at least one third of the Board being independent non-executive directors; and (iii) at least one director possessing accounting or other professional qualifications. The specific analysis on the Board diversity is as follows:

Item	Category	Number	Percentage in the members of the Board of Directors
Gender	Male	8	89%
	Female	1	11%
Age	Aged 40–50	1	11%
	Aged 51–60	3	33%
	Aged 61–70	4	45%
	Aged 71–80	1	11%
Post	Independent non-executive director	3	33%
	Non-executive director	2	22%
	Executive director	4	45%
Length of service as Board members	3 years or less	2	22%
	4–6 years	2	22%
	7–9 years	0	0
	10 years or more	5	56%
Accounting professionals		3	33%
Directorships in other listed companies (number of companies)	3 or less	3	33%
	3 or more	0	0

The Company confirmed that the composition of the Board of Directors, the background of members and the selection procedures of new directors were in compliance with the requirements of the Hong Kong Listing Rules with respect to the diversity of directors and the Board Diversity Policy formulated by the Company.

The Company has formulated the Rules of Procedure for the Board of Directors and the Independent Director System and reviews their effectiveness annually in accordance with Code Provision B.1.4 under the Corporate Governance Code to ensure that independent views and input are available to the Board.

Section VI Company Governance and Corporate Governance Report

4. 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 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 terms of reference of the remuneration and assessment committee was published on the websites of the Company, the SSE and Hong Kong Stock Exchange.

During the Reporting Period, after carefully examining the actual completed production and operating results in 2023, the remuneration and assessment committee reviewed the remuneration of the Company's directors and senior management disclosed in the 2023 annual report, and considered that all the directors, supervisors and senior management performed well with diligence and dedication in 2023. The remuneration for 2023 paid by the Company to its directors, supervisors and senior management was fair, reasonable and in compliance with relevant remuneration rules and assessment criteria of the Company, without any occurrence of violation of the Company's remuneration system and the service contract signed with the Company. In 2023, the Company did not implement any equity incentive scheme.

5. Members of the special committees established by the Board of Directors during the Reporting Period and as at the Latest Practicable Date and meetings held by the special committees established by the Board of Directors during the Reporting Period are as follows:

(1) *Members of the special committees established by the Board of Directors*

Type of the special committees	Names of members
Audit Committee	Chairman: Mr. Xue Zuyun, an independent non-executive director (assumed office on January 16, 2024); Members: Mr. Dat Dzung Hao Daniel, an independent non-executive director (assumed office on January 16, 2024) and Ms. Zhu Dezhen, a non-executive director.
Nomination Committee	Chairman: Mr. Dat Dzung Hao Daniel, an independent non-executive director (assumed office on January 16, 2024); Members: Mr. Tso Fai, an executive director and the vice chairman of the Board of Directors and Mr. Liu Jing, an independent non-executive director.
Remuneration and Assessment Committee	Chairman: Mr. Liu Jing, an independent non-executive director; Members: Mr. Cho Tak Wong, an executive director and the chairman of the Board of Directors; Mr. Xue Zuyun, an independent non-executive director (assumed office on January 16, 2024).
Strategy and Development Committee	Chairman: Mr. Cho Tak Wong, an executive director and the chairman of the Board of Directors; Members: Mr. Tso Fai, an executive director and the vice chairman of the Board of Directors; Mr. Dat Dzung Hao Daniel, an independent non-executive director (assumed office on January 16, 2024).



Section VI Company Governance and Corporate Governance Report

(2) The audit committee held 5 meetings during the Reporting Period

Date	Topic	Key opinions and proposals	Other performance of duties
January 16, 2024	The first meeting of the audit committee under the eleventh session of the Board of Directors was held by way of physical meeting to consider the Resolution in Relation to the Election of the Chairman of the Audit Committee of the Eleventh Session of the Board of Directors, the Resolution in Relation to the Appointment of the Chief Financial Officer of the Company, and the Resolution in Relation to the Appointment of the Director of the Audit Department of the Company.	All resolutions were considered and approved by all members of the audit committee	Mr. Xue Zuyun, chairman of the audit committee, and Ms. Zhu Dezhen and Mr. Dat Dzung Hao Daniel, members of the audit committee, attended the meeting
March 15, 2024	The second meeting of the audit committee under the eleventh session of the Board of Directors was held in combination of physical meeting and telecommunication methods to consider the following resolutions: the Final Financial Report for the Year 2023; the 2023 Annual Report and Summary of Annual Report; the 2023 Annual Audit Work Summary Report of PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) and PricewaterhouseCoopers; the Resolution on the Reappointment of PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) as the Domestic Audit Institution and Internal Control Audit Institution of the Company for the Year 2024; the Resolution on the Reappointment of PricewaterhouseCoopers as the Overseas Audit Institution of the Company for the Year 2024; the Annual Internal Control Evaluation Report of Fuyao Glass Industry Group Co., Ltd. for 2023; the Duty Performance Report of the Audit Committee under the Board of Directors of Fuyao Glass Industry Group Co., Ltd. for 2023; and the Work Summary of the Audit Department for 2023.	All resolutions were considered and approved by all members of the audit committee	Mr. Xue Zuyun, chairman of the audit committee, and Ms. Zhu Dezhen and Mr. Dat Dzung Hao Daniel, members of the audit committee, attended the meeting
April 25, 2024	The third meeting of the audit committee under the eleventh session of the Board of Directors was held by way of physical meeting to consider the Resolution in Relation to the 2024 First Quarterly Report.	All resolutions were considered and approved by all members of the audit committee	Mr. Xue Zuyun, chairman of the audit committee, and Ms. Zhu Dezhen and Mr. Dat Dzung Hao Daniel, members of the audit committee, attended the meeting
August 6, 2024	The fourth meeting of the audit committee under the eleventh session of the Board of Directors was held by way of physical meeting to consider the Resolution in Relation to the 2024 Interim Report of the Company and its Summary and the Resolution in Relation to the Proposed Change of the Company's Audit Institution for the Year 2024.	All resolutions were considered and approved by all members of the audit committee	Mr. Xue Zuyun, chairman of the audit committee, and Ms. Zhu Dezhen and Mr. Dat Dzung Hao Daniel, members of the audit committee, attended the meeting
October 17, 2024	The fifth meeting of the audit committee under the eleventh session of the Board of Directors was held by way of physical meeting to consider the Resolution in Relation to the 2024 third Quarterly Report.	All resolutions were considered and approved by all members of the audit committee	Mr. Xue Zuyun, chairman of the audit committee, and Ms. Zhu Dezhen and Mr. Dat Dzung Hao Daniel, members of the audit committee, attended the meeting

Section VI Company Governance and Corporate Governance Report

(3) The nomination committee held 2 meetings during the Reporting Period

Date	Topic	Key opinions and proposals	Other performance of duties
January 16, 2024	The first meeting of the nomination committee under the eleventh session of the Board of Directors was held by way of physical meeting to consider the Resolution in Relation to the Election of the Chairman of the Nomination Committee of the Eleventh Session of the Board of Directors and the Resolution in Relation to the Nomination of Candidates for Senior Management of the Company.	All resolutions were considered and approved by all members of the nomination committee	Mr. Dat Dzung Hao Daniel, chairman of the nomination committee, and Mr. Tso Fai and Mr. Liu Jing, members of the nomination committee, attended the meeting
March 15, 2024	The second meeting of the nomination committee under the eleventh session of the Board of Directors was held by way of telecommunication methods to review the effectiveness of the Board Diversity Policy.	All resolutions were considered and approved by all members of the nomination committee	Mr. Dat Dzung Hao Daniel, chairman of the nomination committee, and Mr. Tso Fai and Mr. Liu Jing, members of the nomination committee, attended the meeting

(4) The remuneration and assessment committee held 2 meetings during the Reporting Period

Date	Topic	Key opinions and proposals	Other performance of duties
January 16, 2024	The first meeting of the remuneration and assessment committee under the eleventh session of the Board of Directors was held by way of physical meeting to consider the Resolution in Relation to the Election of the Chairman of the Remuneration and Assessment Committee under the Eleventh Session of the Board of Directors.	All resolutions were considered and approved by all members of the remuneration and assessment committee	Mr. Liu Jing, chairman of the remuneration and assessment committee, and Mr. Cho Tak Wong and Mr. Xue Zuyun, members of the remuneration and assessment committee, attended the meeting
March 15, 2024	The second meeting of the remuneration and assessment committee under the eleventh session of the Board of Directors was held in combination of physical meeting and telecommunication methods to consider the Summary Report of Duty Performance of the Remuneration and Assessment Committee of the Board of Directors for the Year of 2023.	All resolutions were considered and approved by all members of the remuneration and assessment committee	Mr. Liu Jing, chairman of the remuneration and assessment committee, and Mr. Cho Tak Wong and Mr. Xue Zuyun, members of the remuneration and assessment committee, attended the meeting



Section VI Company Governance and Corporate Governance Report

(5) *The strategy and development committee held 4 meetings during the Reporting Period*

Date	Topic	Key opinions and proposals	Other performance of duties
January 25, 2024	The first meeting of the strategy and development committee under the eleventh session of the Board of Directors was held by way of telecommunication methods to consider the Resolution in Relation to the Company's Investment in Hefei City, Anhui Province to Establish a Subsidiary and Develop an Automobile Safety Glass Project, an Automobile Accessory Glass Project and a Quality Float Glass Project.	All resolutions were considered and approved by all members of the strategy and development committee	Mr. Cho Tak Wong, chairman of the strategy and development committee, and Mr. Tso Fai and Mr. Dat Dzung Hao Daniel, members of the strategy and development committee, attended the meeting
March 15, 2024	The second meeting of the strategy and development committee under the eleventh session of the Board of Directors was held in combination of physical meeting and telecommunication methods to consider the 2023 Environmental, Social and Governance Report of Fuyao Glass Industry Group Co., Ltd., the Resolution in Relation to the Company's Development Strategy and the Resolution in Relation to the Company's 2024 Development Plan.	All resolutions were considered and approved by all members of the strategy and development committee	Mr. Cho Tak Wong, chairman of the strategy and development committee, and Mr. Tso Fai and Mr. Dat Dzung Hao Daniel, members of the strategy and development committee, attended the meeting
April 25, 2024	The third meeting of the strategy and development committee under the eleventh session of the Board of Directors was held in combination of physical meeting and telecommunication methods to consider the Resolution in Relation to the Entering into of the Supplemental Agreement between the Company and Taiyuan Jinnuo Industry Co., Ltd.	All resolutions were considered and approved by all members of the strategy and development committee	Mr. Cho Tak Wong, chairman of the strategy and development committee, and Mr. Tso Fai and Mr. Dat Dzung Hao Daniel, members of the strategy and development committee, attended the meeting
August 6, 2024	The fourth meeting of the strategy and development committee under the eleventh session of the Board of Directors was held in combination of physical meeting and telecommunication methods to consider the Report on the Progress of Carbon Emission Reduction Work in the First Half of 2024.	All resolutions were considered and approved by all members of the strategy and development committee	Mr. Cho Tak Wong, chairman of the strategy and development committee, and Mr. Tso Fai and Mr. Dat Dzung Hao Daniel, members of the strategy and development committee, attended the meeting



Section VI Company Governance and Corporate Governance Report

XIII. THE BOARD OF SUPERVISORS

The Board of Supervisors is the supervisory organization of the Company, and shall be accountable to the general meeting. The Board of Supervisors of the Company consists of three members, including one chairman. As of the Latest Practicable Date, the Company has three supervisors, namely Mr. Bai Zhaohua, Mr. Chen Mingsen and Mr. Ma Weihua.

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

During the Reporting Period, the Board of Supervisors earnestly performed its duties in accordance with the Company Law, the Articles of Association, the Rules of Procedure for the Board of Supervisors and the requirements of relevant laws and regulations. Five meetings were held and all resolutions were approved unanimously. The details are as follows:

Session of meeting	Date	Topic	Attendance
The first meeting of the eleventh session of the Board of Supervisors (in combination of physical meeting and telecommunication methods)	January 16, 2024	Consideration of the Resolution in Relation to the Election of the Chairman of the Eleventh Session of the Board of Supervisors of the Company.	Mr. Bai Zhaohua, chairman of the Board of Supervisors, Mr. Chen Mingsen and Mr. Ma Weihua, supervisors, attended the meeting
The second meeting of the eleventh session of the Board of Supervisors (telecommunication methods)	March 15, 2024	Consideration of the Work Report of the Board of Supervisors for 2023; the 2023 Final Financial Accounts; the 2023 Annual Report and Annual Report Summary; the Annual Internal Control Evaluation Report of Fuyao Glass Industry Group Co., Ltd. for 2023; the Resolution in Relation to the Projected Daily Connected Transactions between the Company and Jinken Glass Industry Shuangliao Co., Ltd. for the Period of January to September 2024; and the Resolution on the Formulation of the Dividend Distribution Plan of Fuyao Glass Industry Group Co., Ltd. for the Shareholders for the Upcoming Three Years (2024–2026).	Mr. Bai Zhaohua, chairman of the Board of Supervisors, Mr. Chen Mingsen and Mr. Ma Weihua, supervisors, attended the meeting



Section VI Company Governance and Corporate Governance Report

Session of meeting	Date	Topic	Attendance
The third meeting of the eleventh session of the Board of Supervisors (in combination of physical meeting and telecommunication methods)	April 25, 2024	Consideration of the Resolution in Relation to the 2024 First Quarterly Report.	Mr. Bai Zhaohua, chairman of the Board of Supervisors, Mr. Chen Mingsen and Mr. Ma Weihua, supervisors, attended the meeting
The fourth meeting of the eleventh session of the Board of Supervisors (in combination of physical meeting and telecommunication methods)	August 6, 2024	Consideration of the Resolution in Relation to the 2024 Interim Report of the Company and its Summary.	Mr. Bai Zhaohua, chairman of the Board of Supervisors, Mr. Chen Mingsen and Mr. Ma Weihua, supervisors, attended the meeting
The fifth meeting of the eleventh session of the Board of Supervisors (telecommunication methods)	October 17, 2024	Consideration of the Resolution in Relation to the 2024 Third Quarterly Report; the Resolution in Relation to the Lease of Properties from Fujian Yaohua Industrial Village Development Co., Ltd. by the Company; and the Resolution in Relation to the Projected Daily Connected Transactions between the Company and Tri-Wall Packaging (Fuzhou) Co., Ltd. for the Year of 2025.	Mr. Bai Zhaohua, chairman of the Board of Supervisors, Mr. Chen Mingsen and Mr. Ma Weihua, supervisors, attended the meeting

XIV. EXPLANATION ON RISKS OF THE COMPANY DETECTED BY THE BOARD OF SUPERVISORS

The Board of Supervisors has no objection to the supervision matters during the Reporting Period.

XV. INTEREST IN COMPETING BUSINESS

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

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

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

XVII. CONTRACT OF SERVICE OF DIRECTORS AND SUPERVISORS

None of the existing directors and supervisors of the Board of Directors and the Board of Supervisors entered into any contracts of services that could not be terminated until the payment of compensation (except legal compensation) within one year with the Company or any of its subsidiaries.

Section VI Company Governance and Corporate Governance Report

XVIII. INFORMATION DISCLOSURE AND INVESTOR RELATIONSHIP

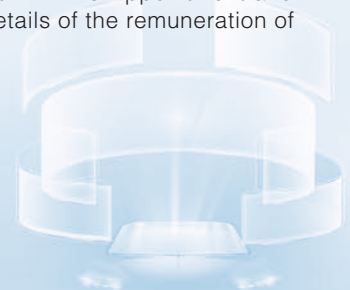
The Company regards information disclosure and investor relationship as very important work, has formulated the Investor Relations Management Policy, the Shareholder Communication Policy and other related systems. In 2024, in accordance with the relevant regulations of the regulatory authorities such as the CSRC, the SSE and the Hong Kong Stock Exchange, the Company diligently organized the information disclosure work and disclosed relevant information in a true, accurate, complete, timely and fair manner. Meanwhile, the Company further strengthened communications with investors, analysts and financial media, and effectively protected the legitimate rights and interests of investors, especially small and medium investors. The Company communicated and exchanged ideas with investors through channels such as non-deal roadshows, performance description, conference calls, visits reception, investor relations hotline, dedicated mailbox, and the “Shanghai interactive e-platform”. The Company also set up its website at <http://www.fuyaogroup.com>, for public inspection of the Company’s business development and operation, financial information, corporate governance practices, and information and updates about other information. During the Reporting Period, the Company effectively implemented the above system. In addition, pursuant to the requirements of the expansion of the paperless listing regime by the Hong Kong Stock Exchange, with effect from January 16, 2024, the Company will disseminate its corporate communications in English and Chinese on the websites of HKEXnews of the Hong Kong Stock Exchange and the Company in lieu of printed form, and if the shareholders need to receive printed copies, please refer to the announcement of Fuyao dated January 16, 2024 in the Investor Relations section of the Company’s website under the heading “Issuance of Corporate Communications” for the requesting procedure.

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

The Board of Directors has passed a resolution on March 15, 2024 to propose to amend certain articles of the Articles of Association in accordance with the Guidelines on the Articles of Association of Listed Companies (CSRC Announcement [2023] No. 62), the Guidelines for Supervision of Listed Companies No. 3 – Cash Dividends Distribution for Listed Companies (Revised in 2023) (CSRC Announcement [2023] No. 61) published by the CSRC on December 15, 2023, the Self-discipline Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 1 – Standard Operation (Revised in December 2023) published by the SSE on December 15, 2023 and other relevant laws, regulations, rules and normative documents, as well as the recent rule amendments under the Hong Kong Listing Rules in relation to the expansion of paperless listing regime by taking into account the Company’s actual operation needs. The above mentioned amendments to the Articles of Association have been reviewed and approved by the Company at the 2023 Annual General Meeting convened on April 25, 2024 and became effective on the same date. For details, please refer to the relevant announcements of the Company dated March 16, 2024 and April 26, 2024 published on the Hong Kong Stock Exchange and the SSE.

XX. REMUNERATION OF THE ACCOUNTANTS

The Company convened a meeting of the Board of Directors on August 6, 2024, in view of recent issues related to the Company’s auditors, combined with market information, based on principle of prudence, and taking into account the Company’s current business situation and the future needs of audit services, the Board of Directors of the Company agreed the change of the domestic auditor and internal control auditor for the year of 2024 to Ernst & Young Hua Ming LLP, which will audit the Company’s financial statements for the year of 2024 and issue an audit report, as well as audit the effectiveness of the Company’s internal control and issue an internal control audit report; the Board of Directors of the Company agreed the change of the international auditor for the year of 2024 to Ernst & Young, which will audit the Company’s financial statements for the year of 2024 prepared in accordance with IFRSs and issue an audit report. Please refer to “III. The Appointment and Dismissal of Accounting Firms” of “Section VIII Significant Events” of this report for details of the remuneration of the accountants.



Section VI Company Governance and Corporate Governance Report

XXI. JOINT COMPANY SECRETARY

Mr. Chen Xiangming, an executive director, a joint company secretary and the chief financial officer of the Company, is responsible for providing opinions concerning corporate governance to the Board of Directors. In addition, in order to maintain good corporate governance and ensure compliance with the Hong Kong Listing Rules, the Company has engaged Ms. Kwan Sau In (a manager of Company Secretarial Services of Tricor Services Limited) as a joint company secretary, to assist Mr. Chen Xiangming to fulfill his obligations and responsibilities. Ms. Kwan Sau In's primary contact person in the Company is Mr. Chen Xiangming (an executive director, a joint company secretary and the chief financial officer).

In 2024, Mr. Chen Xiangming and Ms. Kwan Sau In were in compliance with the training requirements as stipulated in Rule 3.29 of the Hong Kong Listing Rules.

XXII. EMPLOYEES OF THE COMPANY AND ITS MAJOR SUBSIDIARIES AT THE END OF THE REPORTING PERIOD

(I) Employees

Number of in-service employees of the Company	1,795
Number of in-service employees of the major subsidiaries	36,115
Total number of in-service employees	37,910
The number of retired employees whose expenses are borne by the Company and its major subsidiaries ^(Note)	45

Composition of Genders

Type of Genders	Number of persons
Male	28,559
Female	9,351
Total	<u>37,910</u>

Composition of professions

Type of profession	Number of staff
Production staff	27,398
Sales staff	604
Technical staff	5,813
Finance staff	379
Administrative staff	1,331
Other staff	2,385
Total	<u>37,910</u>



Section VI Company Governance and Corporate Governance Report

Education level

Type of education level	Number of persons
University or above	7,091
Junior college	6,080
Specialised secondary school and high school	14,532
Below high school	10,207
Total	37,910

Note: “The number of retired employees whose expenses are borne by the Company and its major subsidiaries” mainly refers to retired personnel re-employed.

(II) Labor standards and gender diversity of employees

The Company strictly abides by the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China, and other relevant laws and regulations, and internally formulates and improves the Regulations on Recruitment Management, the Provisions on the Protection of Personal Information of Human Resources, the Code of Conduct for Social Responsibility of Fuyao Group, the Measures on Anti-Discrimination and Harassment, the Measures on Protection of Employees’ Personal Rights among other relevant policies and documents. With the business philosophy of “respecting the heaven and loving people to the end of perfect kindness”, the Company always pays attention to and protects the basic rights and interests of its employees, emphasizes on the creation of equal and diversified employment policies and working environment, attracts excellent talents from all over the world based on the principles of equality and diversification, and provides its employees with competitive salaries and flexible and smooth channels to jointly create a fair, harmonious and proactive working environment.

The Company has been upholding principles of openness, fairness and equality in employment, recruiting employees in compliance with laws and regulations, effectively safeguarding and protecting employees’ right to the free choice of jobs, resolutely opposing discrimination, preventing differential treatment, precluding child labor or forced labor, and been committed to creating an equal and diversified working environment and harmonious labor relations for win-win results. At the same time, the Company imposes stringent requirements on employee diversity and equality through various means, and specifically prohibits the use of discriminatory selection criteria unrelated to the job in employee management, including recruiting, training, promotion, demotion or termination of labor management.

As at the end of the Reporting Period, the Board of Directors of the Company consisted of a total of 9 members, including 1 female director, accounting for 11.11%, and at the same time, the female director also served as a member of the special committees of the Board of Directors; the total number of employees in the Group amounted to 37,910, including 9,351 females, accounting for 24.67% of the total number of employees of the Group, and 28,559 males, accounting for 75.33% of the total number of employees of the Group. The Company will continue to take measures to enhance gender diversity at all levels of the Company and provide equal career opportunities, such as encouraging existing members of the Board of Directors to recommend female director candidates, emphasizing the cultivation of female talents and providing long-term development opportunities, so as to maximize the achievement of the goal of employee diversity.



Section VI Company Governance and Corporate Governance Report

(III) Remuneration policy

The Company formulated a remuneration policy based on the principles of fairness, competitiveness, incentives and legality. Remuneration of employees is mainly composed of various items including basic salaries, merit pay, bonuses, subsidies and allowance; salaries are adjusted in a timely manner in accordance with the Company's results, employees' performance and the competence of work. In addition, the Company participated in the programme of the "five social insurances and one housing fund" as stipulated and paid social insurance contributions and housing provident fund as scheduled.

(IV) Training plan

The Company made training plans in accordance with the Group's strategic plan and annual operating policy and plan. The Group provides orientation training and on-the-job education for the growth of the employees, of which the orientation training covers subjects such as corporate culture and policies, work ethic and quality, major products and business, production process, quality control and occupational safety. The on-the-job education covers environment, health and safety management systems and mandatory training required by the applicable laws and regulations as well as special training for personnel at various levels and all professions. 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 mentorship talent 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 VI Company Governance and Corporate Governance Report

XXIII. PROFIT DISTRIBUTION PLAN OR PLAN TO CONVERT CAPITAL RESERVE INTO SHARE CAPITAL

(I) Formulation, implementation of or adjustment to cash dividend distribution policies

1. Cash dividend policies of the Company:

Dividends were distributed in accordance with the cash dividend policy stipulated in the Articles of Association and the Dividend Distribution Plan of Fuyao Glass for Shareholders for the Upcoming Three Years (2024–2026): (1) intervals of profit distribution: if the Company makes a profit for the year and the accumulated undistributed profit is positive, it shall distribute profits at least once a year. The Company may distribute interim cash dividends. The Board of Directors of the Company may propose distribution of interim dividends based on the scale of profit, cash flows status, stage of development and capital requirements of the Company, (2) specific conditions for cash dividends distribution and the minimum percentage of cash dividends distribution: on the premise of ensuring the Company's sustainable operation and long-term development, if the Company does not engage in major investment plans or major cash expenditures (excluding investments with raised funds), the Company shall distribute dividends in cash. The cash dividends distributed by the Company each year shall not be less than 20% of the distributable profits achieved that year. The Board of Directors of the Company shall propose a plan for the annual dividends percentage based on the Company's earnings of the year and future budget plan; (3) specific conditions for share dividends distribution: where the Company operates and grows well and the Board of Directors of the Company believes that the Company's earnings per share, share price and net assets per share do not match the size of the Company's share capital, the Company may, on the premise of meeting the said percentage of cash dividends distribution, distribute profits by distributing share dividends. In determining the specific amount of the share-based profit distribution, the Company shall take full account of whether the total share capital after the share-based dividend distribution is suitable for the current business scale, earnings growth and dilution of net assets per share, and the impact on future debt financing cost, so as to ensure that the profit distribution plan is in the interest of all shareholders as a whole in the long run.

For details such as the specific distribution policies, please refer to the Articles of Association of Fuyao Glass Industry Group Co., Ltd. (First Amendment in 2024) and the Dividend Distribution Plan of Fuyao Glass for Shareholders for the Upcoming Three Years (2024–2026) dated March 16, 2024 as published on the Shanghai Securities News, the China Securities Journal, the Securities Time and the websites of the SSE (<http://www.sse.com.cn>) and Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

2. During the Reporting Period, the Company carried out the annual profit distribution for 2023: cash dividends of RMB1.30 per share (tax inclusive) were distributed based on the total issued share capital of 2,609,743,532 shares of the Company with the total dividends amounting to RMB3,392,666,591.60 (tax inclusive). The distribution date of cash dividends of A shares was May 17, 2024, and the distribution date of cash dividends of H shares was June 20, 2024.



Section VI Company Governance and Corporate Governance Report

(II) Special explanation of cash dividend distribution policies

Whether the provisions of the Articles of Association or the requirements of the resolutions of general meetings are complied with	✓ Yes <input type="checkbox"/> No
Whether the standard and proportion of dividends are explicit and clear	✓ Yes <input type="checkbox"/> No
Whether relevant decision-making procedures and mechanisms are adequate	✓ Yes <input type="checkbox"/> No
Whether the independent directors have performed their duties and played their due roles	✓ Yes <input type="checkbox"/> No
Whether small and medium shareholders have the opportunity to fully express their opinions and appeals, and whether their legal rights and interests have been fully protected	✓ Yes <input type="checkbox"/> No

(III) Proposed profit distribution and conversion of capital reserve into share capital plan during the Reporting Period

Unit: Yuan Currency: RMB

Number of bonus shares to be distributed for every ten shares (<i>shares</i>)	0
Amount of dividends to be distributed for every ten shares (<i>Yuan</i>) (<i>including tax</i>)	18
Number of shares to be transferred into share capital for every ten shares (<i>shares</i>)	0
Amount of cash dividends (<i>including tax</i>)	4,697,538,357.60
Annual profit attributable to owners of the Company as reflected in the consolidated financial statements	7,497,976,123
Percentage of amount of cash dividends in net profit attributable to shareholders of ordinary shares of the listed company as reflected in the consolidated financial statements (%)	62.65
Repurchase of shares for cash included in cash dividends	0
Total amount of cash dividends (<i>including tax</i>)	4,697,538,357.60
Percentage of total amount of cash dividends in annual profit attributable to owners of the Company as reflected in the consolidated financial statements (%)	62.65

Note: As considered and approved at the seventh meeting of the eleventh session of the Board of Directors of the Company, the profit distribution plan for the year of 2024 as proposed by the Company is as follows: Based on the total number of shares registered on the record date in respect of the equity distribution for the year of 2024, the Company proposes to distribute cash dividends to the holders of A shares and holders of H shares whose names appear on the register of members on the record date in respect of the equity registration for the year of 2024, with a cash dividend of RMB1.80 (tax inclusive) per share, and the remaining undistributed profits of the Company will be carried forward to the following year. As of December 31, 2023, the total number of shares of the Company was 2,609,743,532, base on which, the total cash dividend proposed to be distributed was RMB4,697,538,357.60 (tax inclusive). The aforesaid amount of cash dividend proposed to be distributed accounted for 62.65% of the annual profit attributable to owners of the Company in the consolidated financial statements of the year prepared by the Company in accordance with the China Accounting Standards for Business Enterprises. The Company will not carry out bonus issue and conversion of capital reserve into share capital for the year of 2024.

Section VI Company Governance and Corporate Governance Report

(IV) Cash dividends for the latest three accounting years

	<i>Unit: Yuan Currency: RMB</i>
Cumulative cash dividends for the latest three accounting years (including tax) (1)	11,352,384,364.20
Cumulative repurchases and cancellation for the latest three accounting years (2)	0
Cumulative amount of cash dividends and repurchases and cancellation for the latest three accounting years (3)=(1)+(2)	11,352,384,364.20
Average annual profit attributable to owners of the Company for the latest three accounting years (4)	5,960,369,670
Percentage of cash dividends for the latest three accounting years (%) (5)=(3)/(4)	190.45
Annual profit attributable to owners of the Company as reflected in the consolidated financial statements for the latest accounting year	7,497,392,166
Undistributed profit at the end of the year as reflected in the financial statements of the Company for the latest accounting year	8,696,880,000

Note: The latest three years refer to the years from 2022 to 2024, and the cumulative cash dividends for the latest three years include the 2024 cash dividends declared but not distributed.

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

The remuneration and assessment committee under the Board of Directors performed assessment concerning the performance and implementation of the duties of the senior management according to the actual completed production and operating results of the Company in 2024, to ensure the remuneration of the senior management was closely linked to their management standards and operating results, and thus strengthen the incentive effect on the assessment of the senior management. During the Reporting Period, the Company did not implement any equity incentive scheme.

XXV. CORPORATE CULTURE

Fuyao Group has been upholding the business philosophy of “respecting the heaven and loving people to the end of perfect kindness”, adhering to the core values of “diligence, simplicity, learning and innovation”. Fuyao Group has never forgotten its original intention, adhered to its main businesses and strived for breakthroughs, and taken the quality of its products, intelligent manufacturing and industrial layout seriously. Taking the market as the guide, Fuyao Group constantly extends the boundary of “a piece of glass”, promotes the transformation of industrial development from a “product supplier” to a “supplier providing customers with automotive glass solutions”, and continues technological innovation to promote product upgrading and iteration and achieve technological leadership.

In this process, the Company has established a sense of social responsibility, built a positive corporate culture, created an environment suitable for “learning, working, living and developing”, strictly implemented various laws and regulations to protect the legitimate rights and interests of employees, established a perfect training system and incentive mechanism to enhance the cohesion and sense of belonging of the employees, and increased cross-cultural integration globally.



Section VI Company Governance and Corporate Governance Report

XXVI. THE ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

(I) Statement of the responsibilities for internal control

The Board of Directors is responsible for the establishment, improvement and effective implementation of internal controls system, the evaluation of the effectiveness of the implementation of internal control, and the truthful disclosure of the internal control effectiveness report. In accordance with the relevant requirements of the Company Law, the Securities Law, the Accounting Law of the People's Republic of China, the Guidelines of the SSE for the Internal Control of Listed Companies, the Basic Norms for Enterprise Internal Control and other internal control regulatory requirements and regulations, the Board of Directors has established and improved the risk control measures in all aspects with a risk management-oriented approach, which is known as the internal control management system for risk management. The system is intended to manage rather than eliminate the risk of failing to achieve the business objectives, and the Board of Directors can only provide reasonable rather than absolute assurance against material misstatement or loss. In 2024, the Group's internal audit monitored risk levels of the Group by implementing on-site tests of the effectiveness of the internal control management system and gave reasonable guarantee for the Company's compliance with the rules in the risks and control activities of its operation and management, standardize operation, risk prevention, assets security, and true, accurate and complete disclosure of financial reports and information, so as to facilitate the Company's achievement of its development strategy.

(II) The establishment of risk management and internal control system of the Company

1. The establishment of risk management and internal control of the Company

The Company has always been dedicated to the establishment of an internal control system in line with national and international standards and regulatory requirements. In accordance with regulatory requirements, the Company has established an internal control management system of risk management, and kept optimizing the internal control system. Thus, the organic integration of risk management and internal control has been realized, and the enterprise's risk prevention and control capability and control means have been significantly improved, which has an actual effect on enterprise management.

The Company continued to advance the delineation of responsibilities and coordination across the three lines of defense: "the business and functional departments conducting self-assessment on effectiveness of internal control, the internal audit departments performing independent evaluations, and the external accounting firm conducting internal control audit". The three lines of defense complemented and reinforced each other, which guaranteed the effective operation of the internal control system. This approach also strengthened the business departments' ability to directly assume the responsibilities of risk management and control, achieved the routine operation mechanism of risk management and internal control which can be described as "Everyone has risk management consciousness, everyone is involved in internal control with responsibilities to enforce compliance with regulations", and safeguarded the Company in achieving its ambitious strategic objectives.



Section VI Company Governance and Corporate Governance Report

2. Composition of the risk management and internal control system of the Company

The Board of Directors is responsible for the establishment, improvement and effective implementation of the risk management-oriented internal control, and assesses its effectiveness at least once a year. The audit committee and audit department were set up under the Board of Directors. Under the leadership of the Board of Directors and the supervision and guidance of the audit committee, the audit department is in charge of supervising, reviewing and evaluating the implementation of internal controls on the risk management of the Company and its subsidiaries, coordinating the internal control audit and other relevant issues. The management of the Company is responsible for leading an effective operation of the risk management-oriented internal control system. During the Reporting Period, the management of the Company has reviewed the principal business and matters such as corporate governance, capital activities, information disclosure, financial reports, comprehensive budget, sales business and information systems, and no significant or material deficiency has been found; the Board of Directors has evaluated and confirmed that the internal control system of the Group is comprehensive and effective.

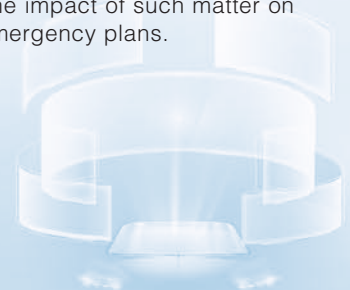
3. Procedures for identifying, evaluating and managing significant information and risks of the Company

The Company established the internal control system of material information, and the procedures and internal supervisory measures addressing and disseminating share price-sensitive information. Meanwhile, it established the Internal Reporting System on Significant Information, which explicitly defined the scope of significant information and situations with significant risks. It also established an effective communication mechanism and the obligor of information reporting shall be responsible for providing materials to the secretary to the Board of Directors in a timely, accurate, truthful and complete manner. The secretary to the Board of Directors will analyze and determine significant information after receiving the materials and report to the chairman and president of the Company. Where such information is subject to the obligation of information disclosure to the public, it shall be reported to the Board of Directors and the Board of Supervisors and disclosed to the public according to relevant regulations.

In terms of information disclosure, the Company established the Information Disclosure Management Policy, the Sensitive Information Verification Management Policy, the Registration and Management of Persons with Inside Information and other policies to prevent any improper use and circulation of sensitive information. Meanwhile, the Company carried out information disclosure in a true, accurate, complete, and timely manner pursuant to the laws and regulations including the Hong Kong Listing Rules, the Rules Governing the Listing of Stocks on the SSE, and the Articles of Association, so as to ensure equal opportunities of all investors to timely access relevant information of the Company.

4. Measures adopted by the Company for material internal control deficiency

Based on the major work objectives for the year and areas susceptible to material business risks, in respect of the material risks assessed for the year, the Company has adopted detailed measures for controlling the material risks, tracked the effectiveness of risk control in a timely manner, and determined the body responsible for material risk control and its terms of references. As for the significant control deficiencies that have been identified during the period and the unforeseen outcomes or contingencies resulted therefrom, the management, the audit committee and the Board of Directors shall be timely informed so as to make risk management emergency plans in a timely manner. The Board of Directors and the audit committee will supervise the implementation of such emergency plans, analyze and assess again the impact of such matter on the Company, and fully assess, study and judge the feasibility of the emergency plans.



Section VI Company Governance and Corporate Governance Report

XXVII. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

During the Reporting Period, the Group strengthened the supervision and management of its subsidiaries through internal control systems and various policies, established a long-term scientific management mechanisms, and controlled risks in the organizational structure, resource allocation, asset management and investment operation of the subsidiaries; and provided guidance, supervision and service for the operation of subsidiaries by means of system and process formulation, authorization and approval, and performance assessment. Under the general policy and strategic planning of the Group, the subsidiaries conducted independent operation, independent accounting, autonomous management, and operation in compliance with laws and regulations. The Board of Directors and the audit committee were of the view that the Group's supervision of the actual operation of risk management and internal control of subsidiaries were in line with the requirements in relation to governance practices for listed companies issued by the CSRC.

XXVIII. RELEVANT INFORMATION ON THE INTERNAL CONTROL AUDIT REPORT

According to the identification of significant internal control deficiencies in respect of the financial report of the Company, during the Reporting Period, the Company had no significant deficiency in internal control in respect of the financial report. The Board of Directors was of the view that the Company had maintained, in all material respects, effective internal control in respect of the financial report in accordance with the requirements of the internal control regulatory system and relevant regulations.

Ernst & Young Hua Ming LLP has audited the effectiveness of relevant internal control of the financial statements of the Company. As at the base date of the evaluation report, it found no significant deficiency in the internal control, and issued an unqualified audit report on the internal control.

Whether to disclose the internal control audit report: Yes

Type of opinion on the audit report of internal control: Standard unqualified opinion



Section VII Environmental and Social Responsibility

I. ENVIRONMENTAL INFORMATION

Whether established relevant mechanisms for environmental protection	Yes
Investment in environmental protection during the Reporting Period (<i>unit: ten thousand yuan</i>)	12,719.03

(I) Explanations on the environment protection by the Company and its major 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	Continued emission	2	Emission outlet No.1 (DW001) and Emission outlet No.2 (DW002)	6.95	Table 4, Class III Standard for GB8978-1996 Comprehensive Wastewater Discharge Standards	/	/	Nil
		SS				17.63mg/L		18.27t	/	Nil
		COD				29.44mg/L		30.50t	/	Nil
		BOD5				8.99mg/L		9.32t	/	Nil
		PFC				ND		/	/	Nil
		Petroleum				0.55mg/L		0.57t	/	Nil
Ammonia nitrogen	1.77mg/L	1.83t	Table 1 Class B Standard for GB/T31962-2015 Water Quality Standards for Wastewater Discharged into Town Drainage Sewers	/	Nil					
	Waste gas	TOL	Organized emission	11	Area around the factory	0.093mg/m ³	Table 1 for DB35/1784-2018	0.012t	/	Nil
		PX				3.351mg/m ³		0.431t	/	Nil
		NMHC				6.593mg/m ³		0.849t	/	Nil
	Soil	During the Reporting Period, a total of 364.82 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.								



Section VII Environmental and Social Responsibility

Name of company or subsidiary	Type of pollutant	Major pollutants and characteristic	Pollutants emission methods	Number of emission outlets	Distribution of emission outlets	Emission concentration	Enforcement of pollutant emission standards	Total emission for the year	Pollutant emission approved	Excessive emissions	
Guangzhou Fuyao Glass Co., Ltd.	Wastewater	COD	Indirect emission	1	Integrated wastewater outlet inside the factory	20mg/L	Class 1 Emission Standards for the second stage per Water Pollutant Discharge Limits (DB44/26-2001)	11.03t	/	Nil	
		Ammonia nitrogen				0.421mg/L		0.278t	/	Nil	
		pH				7.4		/	/	Nil	
		Chroma				2		/	/	Nil	
		LAS				0.063mg/L		0.0275t	/	Nil	
		Petroleum				0.453mg/L		0.513t	/	Nil	
		BOD5				6.7mg/L		3.69t	/	Nil	
	SS	14mg/L	6.62t	/	Nil						
	Waste gas	BTX	Organized emission	13	Area around the factory	0.008mg/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)	0.0054t	/	Nil	
						TOL+PX		0.0707mg/L	0.04t	/	Nil
TVOC						1.328mg/L		3.518t	/	Nil	
NMHC						5.79mg/L		3.45t	/	Nil	
HCl						0.2mg/L		0.0026t	/	Nil	
Soil	During the Reporting Period, a total of 166.55 tons of hazardous waste was generated by Guangzhou Fuyao Glass Co., Ltd. and was legally disposed of by manufacturers with hazardous waste operation qualifications.										
Fuyao Glass Industry Group Co., Ltd. (Fuqing Float)	Waste gas	NO _x	Organized and continuous emission	3	Three chimney vents on the west side of the float factory site	Line 1: 52.745mg/m ³ Line 2: 61.339mg/m ³ Line 3: 373.228mg/m ³	Emission Standards for Air Pollutants in Glass Industry (GB26453-2022) Emission concentration limits: NO _x : 400mg/m ³ SO ₂ : 200mg/m ³ Dust: 30mg/m ³	230.984t	478.609t	Nil	
						SO ₂		Line 1: 32.009mg/m ³ Line 2: 30.473mg/m ³ Line 3: 152.261mg/m ³	101.687t	239.304t	Nil
						Dust		Line 1: 2.495mg/m ³ Line 2: 1.981mg/m ³ Line 3: 1.426mg/m ³	2.878t	33.454t	Nil
						Wastewater		pH SS COD BOD5 Ammonia nitrogen Petroleum Plant and animal oils TP	Organized interval discharge	1	Wastewater discharge outlet on the north-east side of the float factory site
22mg/L	2.5608t	/	Nil								
8mg/L	18.9234t	/	Nil								
1.8mg/L	6.6886t	/	Nil								
0.508mg/L	0.1939t	/	Nil								
0.22mg/L	0.038t	/	Nil								
0.10mg/L	0.0366t	/	Nil								
0.00085mg/L	0.0353t	/	Nil								

Section VII Environmental and Social Responsibility

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; the wastewater, waste gas, noise and solid waste are all discharged in compliance with the regulations. (1) Wastewater: production wastewater is recycled to be used, through the construction of water reuse treatment system, the use of sedimentation + flocculation air flotation + sand filtration, carbon filtration process, etc., 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 sewer network, and the domestic wastewater is treated by septic tanks of various subsidiaries and discharged into the municipal sewer network. (2) Waste gas: for the waste gas generated from the production of float glass, we 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 collect waste gas through the establishment of a unified waste gas collection device, and then purify it through catalytic oxidation, adsorption of activated carbon, water spraying treatment and fixed molecular sieve + RTO, and finally discharge it through a 15-meter-high exhaust pipe in compliance with the regulations. For the waste gas generated from the production of aluminium ornaments, we use incineration, activated carbon adsorption + desorption catalytic combustion device, through the water curtain to remove the paint mist device and through the "absorption and condensation through rotating zeolite + desorption + catalytic combustion or regenerative thermal incineration (RTO)" treatment, "spray tower + filter + activated carbon adsorption" treatment, "incineration + activated carbon adsorption + spray tower" treatment, etc. for waste gas purification and treatment, and finally discharged through a 15-meter-high exhaust pipe in compliance with the regulations. (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 VII Environmental and Social Responsibility

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 is monitored by the local environmental protection department in real time via internet transmission.



Section VII Environmental and Social Responsibility

(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

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

Fuqing Float has three automotive grade float glass production lines. Tongliao Float, Benxi Float and Chongqing Float each has two automotive grade float glass production lines under production. All the four 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 characteristic pollutants are dust, SO₂ and NO_x. Fuqing Float implements the emission standard in the GB26453-2022 Emission Standards for Air Pollutants in Glass Industry; and Chongqing Float implements the emission standard in the DB 50/1546-2023 Emission Standards for Air Pollutants in Glass Industry.

Fuqing Float has constructed three sets of dust removal and denitration facilities, which have been successively upgraded to an integrated facility for desulfurization, denitrification and dust removal (ceramic catalyst cartridge sieving procedure) in 2021, 2022 and 2023, respectively. Tongliao Float has built two lines, which have been upgraded to integrated facilities for desulfurization, denitrification and dust removal (ceramic catalyst cartridge sieving procedure); Benxi Float has built two sets of kiln gas dust removal, desulfurization and denitration facilities adopting an integrated facility for desulfurization, denitrification and dust removal (ceramic catalyst cartridge sieving procedure), 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. Chongqing Float has completed the upgrading of two integrated facilities for desulfurization, denitrification and dust removal (ceramic catalyst cartridge sieving procedure) in 2021 and 2024, which are under normal operation.



Section VII Environmental and Social Responsibility

(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 characteristic pollutants include waste gases, production wastewater, domestic sewage, hazardous wastes, general industrial solid waste, domestic waste, noise, etc.

For the above-mentioned pollutants, the Company mainly adopts the following methods for treatment: waste gases shall be collected through the establishment of a unified waste gas collection devices, and then purified by catalytic oxidation, activated carbon adsorption and through water spray treatment equipment and fixed molecular sieve + RTO, 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 air flotation + sand filtration and carbon filtration, and thus waste water shall be reused 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 the 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 from the waste water treatment station and domestic waste 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 characteristic 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 VII Environmental and Social Responsibility

(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 characteristic pollutants are waste gases, production wastewater, domestic sewage, hazardous wastes, general industrial solid wastes, domestic waste, sludge from the biochemical sedimentation tank, noise, etc.

For the above-mentioned pollutants, the Company mainly adopts the following methods for treatment: waste gases are treated by incineration, activated carbon adsorption + desorption catalytic combustion device, through the water curtain system to remove the paint mist and the "absorption and condensation through rotating zeolite + desorption + catalytic combustion or regenerative thermal incineration (RTO)" treatment, "spray tower + filter + activated carbon adsorption" treatment, "incineration + activated carbon adsorption + spray tower" treatment, etc. for waste gas purification and treatment, and finally discharged through a 15-meter-high exhaust pipe in compliance with the regulations. As to wastewater, nickel-containing wastewater is collected and treated separately, and reused without external discharge after coagulation and precipitation, filtration, adsorption and RO membrane treatment. Phosphorus-containing wastewater is treated with secondary coagulation and precipitation. Degreasing wastewater is processed through a series of treatments including reaction tank + air flotation + anaerobic + aerobic/demulsification + coagulation + air flotation. Other production integrated 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 wastes from each subsidiary shall be collected by their production department according to different classes, managed by the logistics department of the 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 wastes 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 characteristic pollutants including waste gases and waste water generated by the aluminum accessories business division of the Company are in compliance with 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 VII Environmental and Social Responsibility

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

1. Through smart energy platform, the core system 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, clean and efficient, decentralized distribution and nearby consumption and utilization, and makes full use of local solar energy resources to replace and reduce fossil energy consumption as a supplement to regional load development power supply. Since 2017, the Company has successively and respectively built distributed photovoltaic power generation systems in thirteen subsidiaries including Fuqing Float, Zhengzhou Fuyao Glass Co., Ltd., Tianjin Hongde Auto Glass Co., Ltd., Fuyao Glass (Suzhou) Co., Ltd. and Fuyao Group (Shanghai) Automobile Glass Co., Ltd., with a total installed capacity of 130.8MW, 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 reduce 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; increasing process monitoring and reducing reject rate, etc.
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 successively 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 photoelectric. 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 VII Environmental and Social Responsibility

(IV) Measures taken to reduce its carbon emissions during the Reporting Period and their effects

Carbon reduction measures are taken or not	Yes
Carbon dioxide equivalent reduction (<i>unit: ton</i>)	207,819.02
Type of carbon reduction measures (such as the use of clean energy for power generation, the use of carbon reduction technology in the production process, and the development and production of new products that contribute to carbon reduction, etc.)	<p>The carbon reduction measures mainly involve self-built photovoltaic power, waste heat utilization technical renovation for energy conservation, and the major measures in 2024 consist of the following:</p> <ol style="list-style-type: none"> 1. The convection improvement project for the press furnace at Guangzhou Fuyao Glass Co., Ltd. reduced electricity consumption by 411,800 KWH/year and decreased carbon dioxide emissions by 181.32 tons. 2. The ice machine system renovation project at Fuyao Group (Shenyang) Automotive Glass Co., Ltd. reduced electricity consumption by 470,000 KWH/year and decreased carbon dioxide emissions by 365.14 tons. 3. The air compressor exhaust heat recovery project at Tianjin Hongde Auto Glass Co., Ltd. reduced electricity consumption by 1,302,400 KWH/year and decreased carbon dioxide emissions by 882.51 tons. 4. The optimization of the operating parameters of the integrated desulfurization, denitrification and dust removal warehouse pump at Fuyao Glass Industry Group Co., Ltd. (Fuqing Float) reduced electricity consumption by 3,107,000 KWH per year and decreased carbon dioxide emission by 1,532.37 tons. 5. Chongqing Wansheng Float Glass Co., Ltd. upgraded its first line of vacuum pumps from water ring vacuum pumps to robotic vacuum pumps, reducing electricity consumption by approximately 81,200 KWH and carbon dioxide emissions by 35.08 tons. The company also commenced an energy-saving technical improvement project at the air compressor station, reducing the electricity purchased from the grid by 898,300 KWH and reducing carbon dioxide emissions by 388.07 tons, so as to achieve the utilization of renewable energy and carbon reduction target. The company replaced raw materials with fourth-grade glass, and the melting point of crushed glass is low in the process of remelting to glass liquid, thus saving natural gas combustion by 1,755,600 cubic metres, and reducing carbon dioxide emissions by 3,510.46 tons. 6. Fuyao Glass (Hubei) Co., Ltd. purchased a total of 21,012 MWH of green power in 2024, resulting in a carbon dioxide emission reduction of 9,169.82 tons. Fuyao Group (Shanghai) Automobile Glass Co., Ltd. purchased a total of 48,105 MWH of green power in 2024, achieving a carbon dioxide emission reduction of 28,136.61 tons; Fuyao Group Wanda Automobile Glass Co., Ltd. (福耀集團萬達汽車玻璃有限公司) purchased a total of 1,265 MWH of green power in 2024, resulting in a carbon dioxide emission reduction of 517.64 tons..

Section VII Environmental and Social Responsibility

7. In 2024, the Group adopted high-temperature flue gas residual heat power generation from kilns, saving a total of 98,300 MWH of electricity and reducing carbon dioxide emissions by 53,300 tons.
8. In January 2024, Fuyao Group Changchun Co., Ltd. commissioned a photovoltaic project with an installed capacity of 10.4 MWp and an annual power generation capacity of approximately 9,800 MWH. In August 2024, Fujian Fuyao Automotive Trim System Co., Ltd. commissioned a photovoltaic project with an installed capacity of 4.5 MWp and an annual power generation capacity of approximately 1,033 MWH. At present, the Group has 12 subsidiaries with distributed self-built photovoltaic projects in operation, with a total installed capacity of 130.8 MWp since 2017, generating 205,600 MWH of electricity and reducing carbon dioxide emissions by 109,800 tons.

II. SOCIAL RESPONSIBILITY

(I) Whether the social responsibility report, sustainable development report or ESG report are disclosed separately

The Company has prepared and disclosed the 2024 Environmental, Social and Governance Report in accordance with Appendix C2 Environmental, Social and Governance Reporting Guide of the Hong Kong Listing Rules and with reference to the Shanghai Stock Exchange's Self-discipline Regulatory Guidelines for Listed Companies No. 14 – Sustainability Reporting (Trial) and the Shanghai Stock Exchange's Self-discipline Regulatory Guidelines for Listed Companies No. 4 – Sustainability Report Preparation. The 2024 Environmental, Social and Governance Report, as well as the 2024 Annual Report for A Shares and 2024 Annual Results Announcement for H Shares will be disclosed on the same date.



Section VII Environmental and Social Responsibility

(II) Details of Social Responsibility

External donations and public welfare projects	Quantity/Content
Total investment (<i>RMB10,000</i>)	54,637.60
Including: Funds (<i>RMB10,000</i>)	54,637.60
Materials converted into cash (<i>RMB10,000</i>)	
Number of beneficiaries (<i>person(s)</i>)	Approximately 120,000

Illustration

The above data include the external donation and public welfare project investment of RMB543,100,000 of Heren Charitable Foundation, which was established via 300 million shares of Fuyao Glass held by Mr. Cho Tak Wong, and mainly used for the construction and operation of Fuyao University of Science and Technology in Fujian, the construction project of Cho Tak Wong Business School of Xiamen University, and the project to subsidize the upgrading of the teaching system and equipment of Fuqing Tak Wong Middle School affiliated to Fujian Normal University. 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.

III. DETAILS OF CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION

Poverty alleviation and rural revitalisation project	Quantity/Content
Total investment (<i>RMB10,000</i>)	637.30
Including: Funds (<i>RMB10,000</i>)	637.30
Materials converted into cash (<i>RMB10,000</i>)	
Number of beneficiaries (<i>person(s)</i>)	Approximately 16,000
Ways of assistance (such as poverty alleviation through development of industries, provision of employment and development of education, etc.)	Poverty alleviation through education

Illustration

The above data include RMB6 million invested in the rural revitalization project of Heren Charitable Foundation, benefiting approximately 16,000 people; and RMB373,000 invested in the rural revitalization project of the Fuyao Group.

The above data are included in the investment amount of “External donations and public welfare projects” of “II. Social Responsibility” in this section.



Section VIII Significant Events

I. PERFORMANCE OF UNDERTAKINGS

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

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

1. Non-competition

In order to eliminate any future competition with the Company, each of Mr. Cho Tak Wong, Ms. Chan Fung Ying (Mr. Cho Tak Wong's spouse and the controlling shareholder of Yaohua), Sanyi Development Ltd. ("**Sanyi**"), Home Bridge Overseas Limited (which has been renamed as "Homekiu Overseas Holdings Limited", hereinafter referred to as "**Homekiu**") and Fujian Yaohua Industrial Village Development Co., Ltd. ("**Yaohua**") undertook to the Company on February 8, 2002 that, so long as they remain substantial shareholders of the Company, they will not, and will procure all companies they control not to engage in or develop any business competing or potentially competing with the main business or key products of the Company, including investment in, mergers and acquisitions of any companies, entities or economic organizations engaged in the same or similar main business or primarily manufacturing the same or similar products (the "**Non-competition Undertakings**"). In addition, they acknowledged that the Company shall have priority to develop any new business in the future, and they will not, and will procure any companies controlled by him/her/it not to develop such new business. In addition to Mr. Cho Tak Wong, Sanyi, Homekiu and their respective associates, none of the other directors of the Company or their respective associates is interested in any business which is, whether directly or indirectly, in competition with the business of the Company.

For the purpose of compliance with the Non-competition Undertakings, the Company requested the above-mentioned shareholders and their associates to present a written confirmation (the "**Written Confirmation**"), confirming that they have adhered to such Non-competition Undertakings for the year. Upon receiving such Written Confirmation, the audit committee of the Company has reviewed the same as part of the annual review process. In the annual review conducted to determine whether the above-mentioned substantial shareholders have fully complied with such Non-competition Undertakings in 2024, the audit committee of the Company noted that (1) the substantial shareholders declared that they had fully complied with the Non-competition Undertakings for the financial year ended December 31, 2024; (2) no new competing business was reported by such substantial shareholders in 2024; (3) there was no particular situation rendering the full compliance with the Non-competition Undertakings questionable.

In light of the above, the Company confirms that the above-mentioned substantial shareholders have fully complied with their Non-competition Undertakings for the year ended December 31, 2024.

Section VIII Significant Events

II. ANALYSIS AND EXPLANATION ON THE REASONS FOR AND IMPACTS OF CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR CORRECTION OF MATERIAL ACCOUNTING ERRORS OF THE COMPANY

(I) Analysis and explanation on the reasons for and impacts of changes in accounting policies and accounting estimates of the Company

For detailed information, please refer to Note 2.2 “Changes in Accounting Policies and Disclosures” of the “Notes to the Consolidated Financial Statements” in “Section XI Financial Report”.

III. THE APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Unit: '0,000 Currency: RMB

	Former appointment	Current appointment
Name of the domestic accounting firm	PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership)	Ernst & Young Hua Ming LLP
Remuneration for the domestic accounting firm	510	506
Years of audit of the domestic accounting firm	22	1
Names of certified public accountants of the domestic accounting firm	/	Xie Feng (謝楓), Fu Jun (符俊)
Consecutive years of auditing services by certified public accountants of the domestic accounting firm	/	1
Name of the overseas accounting firm	PricewaterhouseCoopers	Ernst & Young
Remuneration for the overseas accounting firm	107	107
Years of audit of the overseas accounting firm	9	1
	Name	Remuneration
Accounting firm for internal control audit	Ernst & Young Hua Ming LLP	75

Note: Save for the above, in 2024, the Company incurs expenses of RMB5,081,900 such as consulting fees and tax service fees paid to Ernst & Young’s network member firms. All of the aforesaid data is tax inclusive. The total amount of remuneration for the above-mentioned comprehensive services (exclusive of tax) was RMB11,295,000, and the amount of tax was RMB666,900.

Explanation of appointment and dismissal of accounting firms

The Board of Directors held a meeting on August 6, 2024. In view of recent issues related to the Company’s auditors, combined with market information, based on the principle of prudence, and taking into account the Company’s current business situation and the future needs of audit services, the Board of Directors has agreed to change the domestic auditor and internal control auditor for the year of 2024 to Ernst & Young Hua Ming LLP to audit and issue an audit report on the Group financial statements for the year of 2024 and to audit and issue an internal control audit report on the effectiveness of the Group internal control. The Board of Directors has agreed to change the international auditor for the year of 2024 to Ernst & Young to audit and issue an audit report on the Group’s financial statements for the year of 2024 prepared in accordance with IFRSs.



Section VIII Significant Events

IV. MATERIAL LITIGATION AND ARBITRATION

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

V. THE CREDIT STANDING OF THE COMPANY, ITS CONTROLLING SHAREHOLDER 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 repayment schedules of a relatively large amount by the Company, its controlling shareholder and de facto controller.

VI. SUBSTANTIAL CONNECTED TRANSACTIONS

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

During the Reporting Period, the Company carried out connected transactions (as defined in the Hong Kong Listing Rules) with Global Cosmos German Limited and Fujian Yaohua Industrial Village Development Co., Ltd., or entered into agreements in respect of relevant transactions:

- 1 In order to satisfy the production needs of Fuyao Europe GmbH, a wholly-owned subsidiary of the Company, and to secure the long-term stability of the lease, Fuyao Europe GmbH entered into a lease agreement with Global Cosmos German Limited on October 25, 2017, pursuant to which Fuyao Europe GmbH shall lease the standard production plant located at OhmStrasse 1, 74211 Leingarten, Germany 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 production plants leased by Fuyao Europe GmbH from Global Cosmos German Limited are constructed according to the existing production conditions of Fuyao Europe GmbH to satisfy the production needs of Fuyao Europe GmbH in virtue of its close proximity to the customers and secure the long-term stability of the lease. To obtain and use the above-mentioned leased property by way of lease rather than construction is beneficial to Fuyao Europe GmbH for expanding the production scale and improving the liquidity of its assets, thereby enabling it to invest more capital in its principal business and improve its core competitiveness. For details of the terms and conditions, please refer to the announcement titled "Continuing Connected Transaction in Relation to Leasing of Production Plant by Fuyao Europe" disclosed on October 26, 2017 by the Company on the website of the Hong Kong Stock Exchange and the announcement published on the website of the SSE.



Section VIII Significant Events

For the year ended December 31, 2024, the approved annual caps and the amount of transactions incurred in relation to non-exempt connected transactions under the lease agreement between Fuyao Europe GmbH, a wholly-owned subsidiary of the Company, and Global Cosmos German Limited and/or its associates for the above services are set out as below:

Nature of the transaction	Annual caps on transaction amount in 2024	Consolidated transaction amount in 2024
Expenses of Fuyao Europe GmbH, a wholly-owned subsidiary of the Company, arising from leasing the properties of Global Cosmos German Limited and/or its associates under the lease agreement	<u>€3.37 million</u>	<u>€2.8261 million</u>

Note: The rent was determined by both parties through negotiations with reference to the market price of the place where the leased properties are located; the consolidated transaction amount in 2024 was exclusive of tax of €537,000.

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

- (1) entered into in the ordinary course of business of the Company;
- (2) on normal commercial terms or, on terms no less favorable to the Group than the terms available to or from independent third parties (as the case may be); and
- (3) conducted in accordance with the terms of the agreements for relevant transactions and the terms of such transactions are fair and reasonable and in the interests of the Company's shareholders as a whole.

The Board of Directors of the Company has received a confirmation letter in relation to the non-exempt continuing connected transactions from Ernst & Young, the auditor of the Company, confirming with respect to the continuing connected transactions as at December 31, 2024 that:

- (1) nothing has come to the auditor's attention that causes the auditor to believe that the transactions have not been approved by the Board of Directors of the Company;
- (2) as for the transactions that involve the provision of goods or services by the Group, nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not conducted, in all material respects, in accordance with the pricing policies of the Group;
- (3) nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not conducted, in all material respects, in accordance with the relevant agreements; and
- (4) nothing has come to the auditor's attention that causes the auditor to believe that the amounts of the transactions exceeded the annual caps set by the Company.



Section VIII Significant Events

2. (1) The Company entered into a lease contract with Fujian Yaohua Industrial Village Development Co., Ltd. on October 28, 2021 to continue the lease of properties from Fujian Yaohua Industrial Village Development Co., Ltd. for three years ending December 31, 2024. (2) The Company entered into a new lease contract with Fujian Yaohua Industrial Village Development Co., Ltd. on April 27, 2023 to lease the newly constructed properties of 108,623.21 square meters from Yaohua Industrial Village for a term from October 1, 2023 to December 31, 2028. (3) The Company entered into a supplemental lease contract with Fujian Yaohua Industrial Village Development Co., Ltd. on September 28, 2023 to lease the newly constructed properties of 4,990.44 square meters from Yaohua Industrial Village for a term from October 1, 2023 to December 31, 2028. (4) The Company entered into a supplemental lease contract (II) with Fujian Yaohua Industrial Village Development Co., Ltd. on October 25, 2024 to adjust the leased area under the lease contracts entered into on April 27, 2023 and September 28, 2023, with a total reduction of 14,088.09 square meters and a total addition of 7,402.29 square meters, resulting in an adjusted leased area of 106,927.85 square meters, and the lease expenses were also adjusted.

The properties leased by the Company from Fujian Yaohua Industrial Village Development Co., Ltd. are adjacent to the principal place of business and the production base of the Company in the PRC. Entering into the lease contract and the new lease contracts between the Company and Fujian Yaohua Industrial Village Development Co., Ltd. and carrying out the continuing connected transactions contemplated thereunder could help establish stable ancillary facilities of the Company and also facilitate the storage and transportation of the Company's products and raw materials, which would be conducive to the protection of the Company's normal production and operation activities, the enhancement of the liquidity of the Company's assets, and the reduction of the capital required to be invested by the Company for the construction of its own properties, thus enabling the Company to have more funds to develop its main businesses and enhance its core competitiveness.

Principal terms of the lease contract entered into between the Company and Fujian Yaohua Industrial Village Development Co., Ltd. mainly include: (i) the Company will lease the ancillary facilities including staff dormitory and cafeteria, training center in Districts I and II and the standard manufacturing plant in District I of Fuyao Industrial Zone located at Honglu Town, Fuqing, Fujian Province from Fujian Yaohua Industrial Village Development Co., Ltd.; (ii) the total rent for the upcoming lease year shall be paid at any time between December of each year and January of such upcoming year. For details of the terms and conditions, please refer to the announcement titled "Renewal of the Connected Transaction under the Lease Contract" disclosed on October 29, 2021 by the Company on the website of the Hong Kong Stock Exchange and the announcement published on the website of the SSE.

Principal terms of the new lease contract entered into between the Company and Fujian Yaohua Industrial Village Development Co., Ltd. mainly include: (i) the Company will lease the properties, including talent apartments and parking spaces in District II of Fuyao Industrial Zone located at Honglu Town, Fuqing, Fujian Province from Fujian Yaohua Industrial Village Development Co., Ltd.; (ii) the total rent for the lease period is payable within 60 days from the date of signing the new lease contract. For details of the terms and conditions, please refer to the announcement titled "The Connected Transaction under the New Lease Contract" disclosed on April 28, 2023 by the Company on the website of the Hong Kong Stock Exchange and the announcement published on the website of the SSE.

Principal terms of the supplemental lease contract entered into between the Company and Fujian Yaohua Industrial Village Development Co., Ltd. mainly include: (i) the Company will lease the 2/F and 3/F of the talent apartments S1# in District II of Fuyao Industrial Zone located at Honglu Town, Fuqing, Fujian Province from Fujian Yaohua Industrial Village Development Co., Ltd.; (ii) the total rent for the lease period is payable within 60 days from the date of signing the new lease contract. This property lease was fully exempted as the applicable percentage ratio of the estimated value of the right-of-use asset to be recognized by the Company under the supplemental lease contract was less than 0.1%.

Section VIII Significant Events

Principal terms of the supplemental lease contract (II) entered into between the Company and Fujian Yaohua Industrial Village Development Co., Ltd. mainly include: (i) the parties adjusted the leased area under the lease contracts entered into on April 27, 2023 and September 28, 2023 based on the actual surveyed area and the demand for suites by both parties, with a total reduction of 14,088.09 square meters and a total addition of 7,402.29 square meters, together with an adjustment to the lease expenses. (ii) Matters not agreed upon shall be executed in accordance with the original contracts.

The right-of-use assets acquired under the aforesaid lease contracts will be recognized by the Group in its consolidated statement of financial position in accordance with IFRS 16, and the relevant transactions constitute a one-off connected transaction under Chapter 14A of the Hong Kong Listing Rules. At the same time, the transactions also constitute connected transactions under the Rules Governing the Listing of Stocks on the SSE. For the year ended December 31, 2024, the approved annual caps (as set in accordance with the Rules Governing the Listing of Stocks on the SSE) and the actual transaction amount of the connected transactions contemplated under the lease contracts between the Company and Fujian Yaohua Industrial Village Development Co., Ltd. and/or its associates for the above services are set out as below:

Nature of the transaction	Annual caps on transaction amount in 2024	Consolidated transaction amount in 2024
Expenses of the Company arising from leasing the properties of Fujian Yaohua Industrial Village Development Co., Ltd. and/or its associates under the lease contracts	Approximately RMB60.32 million	RMB58.5457 million

Note:

1. The relevant annual caps were determined after taking into account the following factors: (i) the actual property usage needs for the Company's production and operation and the employees' lives; (ii) the market price of comparable properties in the place where the leased properties are located.
2. The amount of the above transactions represents the sum of the rental amounts for the lease contract entered into on October 28, 2021, the new lease contract entered into on April 27, 2023, the supplemental lease contract entered into on September 28, 2023 and the supplemental lease contract (II) entered into on October 25, 2024, where the supplemental lease contract (II) entered into on October 25, 2024 is an adjustment to the leased area and amount of the new lease contract entered into on April 27, 2023 and the fully exempted supplemental lease contract entered into on September 28, 2023.



Section VIII Significant Events

(II) Connected transactions related to daily operations (disclosed in accordance with the requirements of the SSE)

1. Matters disclosed in provisional announcements but without 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, from Global Cosmos German Limited was considered and approved at the sixteenth meeting of the eighth session of the Board of Directors of the Company convened on October 25, 2017. Fuyao Europe GmbH, a wholly-owned subsidiary of the Company, shall lease all its 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 leased the ancillary facilities including staff dormitory and cafeteria, training center in Districts I and II and the standard manufacturing plant in District I of Fuyao Industrial Zone located at Honglu Town, Fuqing, Fujian Province with a total area of 158,325.65 square meters from Fujian Yaohua Industrial Village Development Co., Ltd. at a monthly rent of RMB2,770,698.88, amounting to an annual rent of RMB33,248,386.50. The term of the lease was 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 the Lease of Properties by a Wholly-owned Subsidiary dated October 26, 2017 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, and on the website of the SSE (<http://www.sse.com.cn>) and the Announcement on Continuing Connected Transaction in Relation to Leasing of Production Plant by Fuyao Europe dated October 26, 2017 as published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

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



Section VIII Significant Events

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 2024 was considered and approved at the fifteenth meeting of the tenth session of the Board of Directors of the Company convened on October 16, 2023.

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

The Resolution in Relation to the Projected Daily Connected Transactions between the Company and Tri-Wall Packaging (Fuzhou) Co., Ltd. for the Year 2025 and the Resolution in Relation to the Lease of Properties from Fujian Yaohua Industrial Village Development Co., Ltd. by the Company were considered and approved at the sixth meeting of the eleventh session of the Board of Directors of the Company convened on October 17, 2024.

Inquiry index

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

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

For details, please refer to the Announcement on the Daily Connected Transactions of Fuyao Glass Industry Group Co., Ltd. and the Announcement of Fuyao Glass Industry Group Co., Ltd. on Connected Transaction in Relation to Leasing of Property by the Company dated October 18, 2024 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times and the website of the SSE (<http://www.sse.com.cn>), and the Announcement on the Connected Transaction under the 2024 Lease Contract dated October 17, 2024 as published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).



Section VIII Significant Events

2. Matters disclosed in provisional announcements but with subsequent development or changes in subsequent implementation

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

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

On October 25, 2024, the Company entered into a supplemental lease contract (II) with Fujian Yaohua Industrial Village Development Co., Ltd. to adjust the leased area under the lease contracts entered into on April 27, 2023 and September 28, 2023, with a total reduction of 14,088.09 square meters and a total addition of 7,402.29 square meters, resulting in an adjusted leased area of 106,927.85 square meters. The transaction is not required to be submitted to the Board of Directors of the Company for consideration according to the relevant provisions of the Rules Governing the Listing of Stocks on the SSE and the Articles of Association.



Section VIII Significant Events

The connected transactions disclosed in the 2024 provisional announcements are as follows:

Unit: '0,000 Currency: RMB

Connected party	Connected relationship	Type of connected transaction	Content of connected transaction	Pricing principle of connected transaction	Estimated amounts in 2024	Actual amounts in 2024	Percentage of amount of the same type of transactions (%)	Settlement method of connected transaction
Tri-Wall Packaging (Fuzhou) Co., Ltd. ^(Note 1)	Joint venture	Purchase of goods	Procurement of raw and auxiliary materials	Market price	12,000.00	12,885.34	35.66	30 days from the invoice date
Jinken Glass Industry Shuangliao Co., Ltd. ^(Note 2)	Other	Purchase of goods	Procurement of raw and auxiliary materials	Market price	28,000.00	23,250.39	64.34	60 days from 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	0	
Jinken Glass Industry Shuangliao Co., Ltd. ^(Note 2)	Other	Sales of goods	Sale of raw and auxiliary materials	Market price	50.00	0	0	
Tri-Wall Packaging (Fuzhou) Co., Ltd. ^(Note 1)	Joint venture	Water, electricity, gas and other utility expenses (sale)	Sale of water and electricity	Agreed price	160.00	168.06	100	30 days from the invoice date
Tri-Wall Packaging (Fuzhou) Co., Ltd. ^(Note 1)	Joint venture	Provision of labor services to connected persons	Provision of labor services	Agreed price	300.00	363.85	98.95	30 days from the invoice date
Jinken Glass Industry Shuangliao Co., Ltd. ^(Note 2)	Other	Provision of labor services to connected persons	Provision of labor services	Agreed price	80.00	3.87	1.05	30 days from the invoice date
Jinken Glass Industry Shuangliao Co., Ltd. ^(Note 2)	Other	Acceptance of labor services from connected persons	Acceptance of labor services	Agreed price	5.00	2.88	7.10	30 days from the invoice date
Jinken Glass Industry Shuangliao Co., Ltd. ^(Note 2)	Other	Other inflows	Revenue from leasing of iron frames	Market price	30.00	16.20	100	30 days from the invoice date
Jinken Glass Industry Shuangliao Co., Ltd. ^(Note 2)	Other	Other outflows	Expenditures incurred for leasing of iron frames	Market price	40.00	21.71	100	30 days from the invoice date
Fujian Yaohua Industrial Village Development Co., Ltd. ^(Note 3)	Other	Other outflows	Leasehold property	Market price	5,931.80	5,734.80	62.95	See Note 3
Global Cosmos German Limited	Other	Other outflows	Leasehold property	Market price	2,597.12	2,178.00	23.91	Payment before June 30
Total					<u>49,213.92</u>	<u>44,625.10</u>		



Section VIII Significant Events

Notes:

1. The actual amounts for the procurement of raw and auxiliary materials, the sale of water and electricity and the provision of labor services to Tri-Wall Packaging (Fuzhou) Co., Ltd. by the Company in 2024 exceed the estimated amount of the whole year, but since the exceeded amounts are relatively small, they are not required to be submitted to the Board of Directors of the Company for consideration according to the relevant provisions of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Articles of Association.
2. Fuyao (Hong Kong) Limited, a wholly-owned subsidiary of the Company, disposed of 25% equity interest in Jinken Glass Industry Shuangliao Co., Ltd. in September 2023 and completed the procedures related to the registration of change of shareholders with the market supervision and of the government. At the same time, Mr. Chen Xiangming, a director and chief financial officer of the Company, and Mr. He Shimeng, the vice president of the Company, ceased to serve as directors of Jinken Glass Industry Shuangliao Co., Ltd. after the above-mentioned equity transfer. After the equity transfer, the Company and its subsidiaries no longer hold any equity interest in Jinken Glass Industry Shuangliao Co., Ltd.. Prior to the change of the registration of the above-mentioned equity transfer, Mr. Chen Xiangming, a director and chief financial officer of the Company, and Mr. He Shimeng, the vice president of the Company, concurrently served as directors of Jinken Glass Industry Shuangliao Co., Ltd.. In accordance with Rule 6.3.3 of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, Mr. Chen Xiangming, a director and chief financial officer of the Company, and Mr. He Shimeng, the vice president of the Company, concurrently served as directors of Jinken Glass Industry Shuangliao Co., Ltd. in the past 12 months. Therefore, from January to September 2024, Jinken Glass Industry Shuangliao Co., Ltd. was still regarded as a connected legal person of the Company. The transactions with Jinken Glass Industry Shuangliao Co., Ltd. as disclosed above are the data of January-September 2024.
3. The Company and Fujian Yaohua Industrial Village Development Co., Ltd. entered into the Property Lease Contract on October 28, 2021, with a leased area of 158,325.65 square meters at an annual rent of RMB33,248,400, for a term of three years from January 1, 2022 to December 31, 2024, with the total rent for the next lease year payable from December of each year to January of the following year. The Company and Fujian Yaohua Industrial Village Development Co., Ltd. entered into the Property Lease Contract on April 27, 2023, with a leased area of 108,623.21 square meters and an annual rent of RMB26,069,600, for a term commencing from October 1, 2023 to December 31, 2028, and the total rent for the lease period is payable within 60 days from the date of signing the contract. On October 25, 2024, the Company entered into the Property Lease Contract – Supplementary Contract (II) with Fujian Yaohua Industrial Village Development Co., Ltd. to adjust the leased area under the lease contracts entered into on April 27, 2023 and September 28, 2023, with a total reduction of 14,088.09 square meters and a total addition of 7,402.29 square meters, and the adjusted leased area was 106,927.85 square meters, and the lease charges were also adjusted.



Section VIII Significant Events

3. Events not disclosed in provisional announcements

Unit: '0,000 Currency: RMB

Connected party	Connected relationship	Type of connected transaction	Content of connected transaction	Pricing principle of connected transaction	Amounts of the connected transaction	Percentage of amount of the same type of transactions (%)	Settlement method of connected transaction
Fujian Triplex Auto Parts Development Co., Ltd.	Other	Renting in and renting out	Leasehold property	Market price	1,077.58	11.83	See Note 1
Fujian Yidaodaka Commercial Management Co., Ltd.	Other	Renting in and renting out	Rental property	Market price	4.32	100	30 days from the invoice date
Fujian Triplex Auto Parts Development Co., Ltd.	Other	Water, electricity, gas and other utility expenses (purchase)	Purchase of water and electricity	Agreed price	33.05	100	30 days from the invoice date
Fuyao Group Beijing Futong Safety Glass Co., Ltd.	Joint venture	Acceptance of labor services from connected persons	Product accessories installation service	Costs plus reasonable profits	332.92	100	30 days from the invoice date
China Intelligent and Connected Vehicles (Beijing) Research Institute Co., Ltd.	Other	Acceptance of labor services	Acceptance of labor services	Agreed price	37.67	92.90	30 days from the invoice date
Fujian Yaohua Industrial Village Development Co., Ltd.	Other	Other outflows	Leasehold property	Market price	119.77	1.31	Payment of the full rent for the lease period within 60 days from the date of signing the contract
Total				/	<u>1,605.31</u>		/

Note to the connected transaction

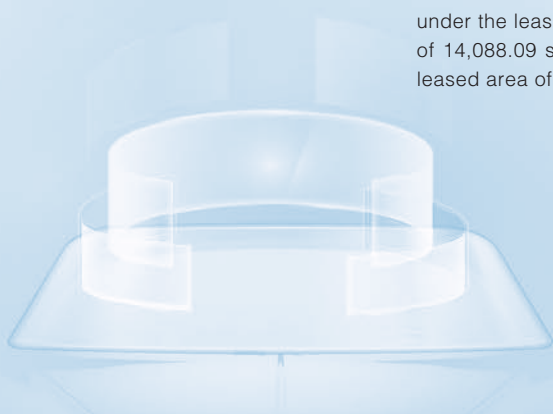
As the amounts of the transactions conducted between the Company, Fuyao Group Beijing Futong Safety Glass Co., Ltd., China Intelligent and Connected Vehicles (Beijing) Research Institute Co., Ltd., Fujian Triplex Auto Parts Development Co., Ltd. and Fujian Yaohua Industrial Village Development Co., Ltd.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



Section VIII Significant Events

Notes:

1. The Group leased part of its factory buildings, the office building and dormitory 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 the factory building 1 is 20,000 square meters with five-year lease term from July 1, 2021 to June 30, 2026, with a two-month rent-free period. The monthly rent excluding VAT in the first three years is RMB500,000, and the monthly rent increases by 4% from the fourth year. The property management fee (including sanitation management fee) is RMB1.50/month per square meter, and the rent of the current month shall be paid in full on the 1st day of each month; the leased area of factory building 2 is 8,000 square meters with a lease term from May 1, 2024 to June 30, 2026. The monthly rent (including tax) and the property management fee amount to RMB200,000, which shall be paid in full on the 1st day of each month; the leased areas of factory building 3 are 7,549 square meters and 520.80 square meters, with a lease term from August 1, 2024 to May 31, 2025 and from November 1, 2024 to May 31, 2025, respectively. The monthly tax-inclusive rent (including the property management fee) amount to RMB188,700 and RMB13,000, respectively, which shall be paid in full on the 5th day of each month; the leased area of the office building is 638.44 square meters with the lease term from August 7, 2024 to August 6, 2027. The quarterly rent (including tax) is RMB86,200, which shall be paid within 15 working days upon receipt of the invoice; the leased area of the dormitory 1 is approximately 9,171.7 square meters with the lease term from July 1, 2023 to June 30, 2024. The quarterly rent (including tax) is RMB420,000, and the rent for the next quarter shall be paid on or before the 15th day of each quarter upon receipt of the invoice; the leased area of the dormitory 2 is approximately 10,634.34 square meters with the lease term from July 1, 2024 to June 30, 2025. The quarterly rent (including tax) is RMB493,500, and the rent for the next quarter shall be paid on or before the 15th day of each quarter upon receipt of the invoice.
2. A subsidiary of the Group leased all of its 1#factory buildings located in No. 3, Chuangxin Road, Shangjie Town, Minhou County to Fujian Yidao Daka Commercial Management Co., Ltd. controlled by Mr. Tso Fai, the vice chairman of the Company. The area is 400 square meters with the lease term from July 1, 2024 to December 31, 2024. The quarterly rent (excluding tax) is RMB21,600, which shall be paid in full within 30 days upon receipt of the invoice.
3. China Intelligent and Connected Vehicles (Beijing) Research Institute Co., Ltd. held its general meeting on March 29, 2024 to re-elect a new session of directors, and Mr. Chen Xiangming, a director and chief financial officer of the Company, will no longer concurrently serve as a director of China Intelligent and Connected Vehicles (Beijing) Research Institute Co., Ltd., and pursuant to Rule 6.3.3 of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, within the past 12 months, since Mr. Chen Xiangming, a director and chief financial officer of the Company, has concurrently held the position of director of China Intelligent and Connected Vehicles (Beijing) Research Institute Co., Ltd., which is still regarded as a connected legal person of the Company by March 29, 2025.
4. The Company and Fujian Yaohua Industrial Village Development Co., Ltd. entered into the Supplemental Contract to the Property Lease Contract on September 28, 2023, with a leased area of 4,990.44 square meters and an annual rent of RMB1,197,700, for a term commencing from October 1, 2023 to December 31, 2028, and the total rent for the lease period is payable within 60 days from the date of signing the contract. On October 25, 2024, the Company entered into the Supplemental Contract (II) to the Property Lease Contract with Fujian Yaohua Industrial Village Development Co., Ltd. to adjust the leased area under the lease contracts entered into on April 27, 2023 and September 28, 2023, with a total reduction of 14,088.09 square meters and a total addition of 7,402.29 square meters, resulting in an adjusted leased area of 106,927.85 square meters, and the lease expenses were also adjusted.



Section IX Changes in Shares and Information of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Changes in shares

1. 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 AND DE FACTO CONTROLLER

(I) Total number of shareholders

As at December 31, 2024, the total number of shareholders of the Company was 93,427, of which, 93,384 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	93,427
Total number of shareholders of ordinary shares as at the end of the month preceding the day when the annual report was disclosed	101,137
Total number of shareholders of preference shares with voting rights restored as at the end of the Reporting Period	0
Total number of shareholders of preference shares with voting rights restored as at the end of the month preceding the day when the annual report was disclosed	0



Section IX Changes in Shares and Information of Shareholders

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

Unit: Share

Name of shareholder (Full name)	Particulars of top 10 shareholders (excluding lending of shares through securities financing)						
	Increase/ decrease during the Reporting Period	Shareholding at the end of the Reporting Period	Percentage (%)	Number of shares held with selling restrictions	Pledged, tagged or moratorium Status of shares	Number	Nature of shareholders
HKSCC NOMINEES LIMITED <i>(Note)</i>	-51,600	595,825,544	22.83		Unknown		Unknown
Hong Kong Securities Clearing Company Limited	-48,468,361	405,437,763	15.54		Unknown		Unknown
Sanyi Development Limited	0	390,578,816	14.97		Nil		Overseas legal person
Heren Charitable Foundation	0	169,512,888	6.50		Nil		Domestic non-state-owned legal person
Bai Yongli	2,766,700	37,436,015	1.43		Unknown		Unknown
Agricultural Bank of China Limited – E Fund Consumer Industry Equity Securities Investment Fund (易方達消費行業股票型證券投資基金)	-6,982,013	30,291,650	1.16		Unknown		Unknown
China Securities Finance Corporation Limited	0	28,095,485	1.08		Unknown		Unknown
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange Traded Open-end Index Securities Investment Fund (華泰柏瑞滬深300交易型開放式指數證券投資基金)	15,777,900	27,628,212	1.06		Unknown		Unknown
Li Fuqing	-919,965	24,284,820	0.93		Unknown		Unknown
Fujian Yaohua Industrial Village Development Co., Ltd.	0	24,077,800	0.92		Nil		Domestic non-state-owned legal person

Section IX Changes in Shares and Information of Shareholders

Shareholding of the top ten shareholders not subject to selling restrictions (excluding lending of shares through securities financing)

Name of shareholder	Number of tradable shares held without selling restrictions	Type and number of shares	
		Type	Number
HKSCC NOMINEES LIMITED ^(Note)	595,825,544	Overseas listed foreign shares	595,825,544
Hong Kong Securities Clearing Company Limited	405,437,763	Ordinary shares denominated in RMB	405,437,763
Sanyi Development Limited	390,578,816	Ordinary shares denominated in RMB	390,578,816
Heren Charitable Foundation	169,512,888	Ordinary shares denominated in RMB	169,512,888
Bai Yongli	37,436,015	Ordinary shares denominated in RMB	37,436,015
Agricultural Bank of China Limited – E Fund Consumer Industry Equity Securities Investment Fund (易方達消費行業股票型證券投資基金)	30,291,650	Ordinary shares denominated in RMB	30,291,650
China Securities Finance Corporation Limited	28,095,485	Ordinary shares denominated in RMB	28,095,485
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange Traded Open-end Index Securities Investment Fund (華泰柏瑞滬深300交易型開放式指數證券投資基金)	27,628,212	Ordinary shares denominated in RMB	27,628,212
Li Fuqing	24,284,820	Ordinary shares denominated in RMB	24,284,820
Fujian Yaohua Industrial Village Development Co., Ltd.	24,077,800	Ordinary shares denominated in RMB	24,077,800
Explanations on the repurchase special account among top 10 shareholders			Nil
Explanations on proxy votes casted by or on behalf of, or abstention from voting by the above shareholders			Nil

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

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

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

Section IX Changes in Shares and Information of Shareholders

The status of shareholders holding more than 5% of shares, the top ten shareholders, and the top ten shareholders not subject to selling restrictions participating in the share lending through securities financing

Unit: Share

The status of shareholders holding more than 5% of shares, the top 10 shareholders, and the top 10 shareholders with unrestricted tradable shares participating in the share lending through securities financing

Name of shareholder (Full name)	Shares held in general accounts and credit accounts at the beginning of the period		Shares lent through securities financing and not yet returned at the beginning of the period		Share held in general accounts and credit accounts at the end of the period		Shares lent through securities financing and not yet returned at the end of the period	
	Number	Percentage (%)	Number	Percentage (%)	Total	Percentage (%)	Number	Percentage (%)
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange Traded Open-end Index Securities Investment Fund	144,900	0.01	0	0	27,628,212	1.06	0	0

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

As at December 31, 2024, the interests and short positions of directors, supervisors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, (a) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code set out in Appendix C3 of the Hong Kong Listing Rules, were as follows:

Name	Capacity/nature of interest	Number of shares interested	Percentage of total issued share capital of the relevant class of shares ⁽³⁾ (%)	Percentage of total issued share capital of the Company ⁽³⁾ (%)	Class of shares
Cho Tak Wong (an executive director and the chairman) ⁽¹⁾	Beneficial owner/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 414,656,616 A shares (L) through Sanyi Development Limited.
- (2) Mr. Tso Fai indirectly holds 12,086,605 A shares (L) through Homekiu Overseas Holdings Limited.
- (3) The percentage is based on the issued number of the relevant class of shares or the total issued shares of the Company as at December 31, 2024.
- (4) (L) – long position.

Save as disclosed above, as at December 31, 2024, none of directors, supervisors and chief executives of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Section IX Changes in Shares and Information of Shareholders

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

As at December 31, 2024, the Company was notified of the following persons, other than directors, supervisors or chief executive of the Company, who had 5% or more interests or short positions in the issued shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

Name	Capacity/nature of interest	Number of shares interested	Percentage of total issued share capital of the relevant class of shares ⁽⁵⁾ (%)	Percentage of total issued share capital of the Company ⁽⁵⁾ (%)	Class of shares
Chan Fung Ying ⁽¹⁾	Spouse interest/interest of controlled corporation	414,971,444(L)	20.72(L)	15.90(L)	A share
Sanyi Development Limited	Beneficial owner/interest of controlled corporation	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	37,232,926(L)	6.14(L)	1.43(L)	H share
		2,408,000(S)	0.40(S)	0.09(S)	
Citigroup Inc. ⁽³⁾	Interest of controlled corporation/ approved lending agents	47,696,963(L)	7.86(L)	1.83(L)	H share
		504,000(S)	0.08(S)	0.02(S)	
		46,846,105(P)	7.72(P)	1.80(P)	
JPMorgan Chase & Co. ⁽⁴⁾	Beneficial owner/investment manager/secured equity holders/approved lending agent	84,894,336(L)	13.99(L)	3.25(L)	H share
		511,640(S)	0.08(S)	0.02(S)	
		10,476,732(P)	1.72(P)	0.40(P)	

Notes:

- (1) Ms. Chan Fung Ying is Mr. Cho Tak Wong's spouse and was therefore deemed to be interested in 414,971,444 A shares (L) held by Mr. Cho Tak Wong.
- (2) BlackRock, Inc. holds 37,232,926 H shares (L) and 2,408,000 H shares (S) of the Company through several controlled entities, of which 224,400 H shares (L) and 1,371,200 H shares (S) were related to the unlisted derivatives – cash settled.
- (3) Citigroup Inc. held 47,696,963 H shares (L), 504,000 H shares (S) and 46,846,105 H shares (P) of the Company through several controlled entities, of which, 401,200 H shares (L) and 504,000 H shares (S) were related to the unlisted derivatives – cash settled.
- (4) JPMorgan Chase & Co. holds 84,894,336 H shares (L), 511,640 H shares (S) and 10,476,732 H shares (P) of the Company through several controlled entities, of which, 61,600 H shares (L) and 244,800 H shares (S) were related to the unlisted derivatives – cash settled.
- (5) The percentage is based on the issued number of the relevant class of shares or the total issued shares of the Company as at December 31, 2024.
- (6) (L)—long position, (S)—short position, (P)—lending pool.

Save as disclosed above, as at December 31, 2024, there was no person having interest or short position in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO.



Section IX Changes in Shares and Information of Shareholders

III. PARTICULARS OF CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

(I) Controlling Shareholder

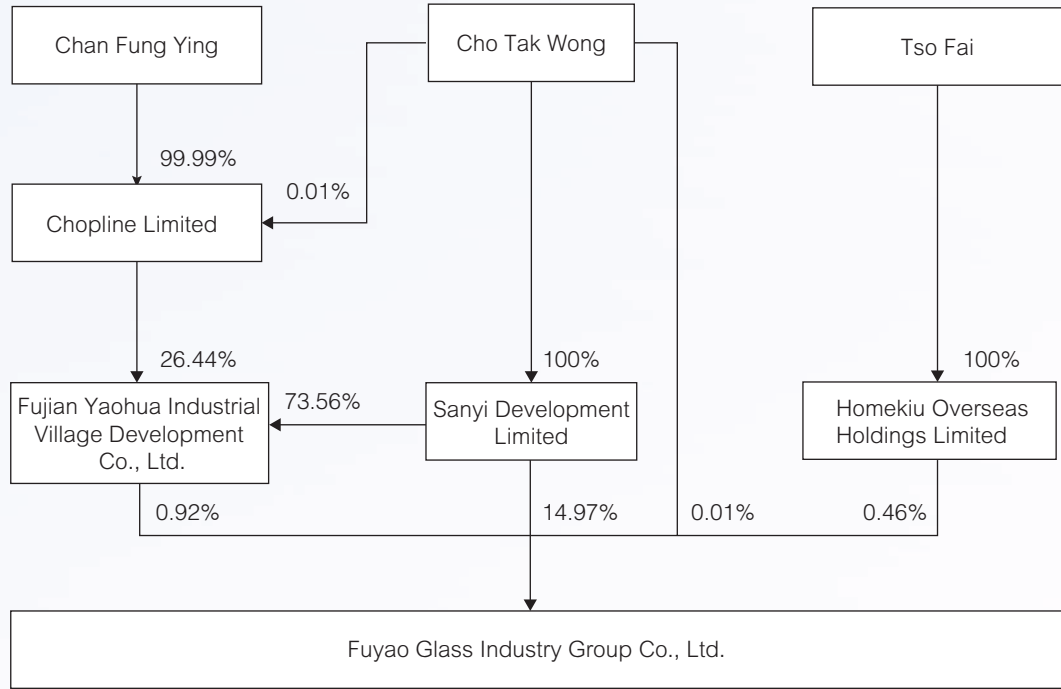
1	Legal person	
	Name	Sanyi Development Limited
	Person-in-charge or legal representative	Cho Tak Wong
	Date of establishment	April 4, 1991
	Principal business	Non-business operation investment shareholding
	Details of controlling interests and investments in other domestic and foreign listed companies during the Reporting Period	Nil

(II) De facto controller

1	Natural person	
	Name	Cho Tak Wong
	Nationality	Hong Kong, China
	Having acquired rights of residence in other countries or areas or not	No
	Principal job and position	Mr. Cho Tak Wong has served as an executive director and the chairman of the Board of Directors since August 1999. Mr. Cho Tak Wong is also one of the major founders, operators and investors of the Company. Mr. Cho Tak Wong currently also serves as a director of a majority of subsidiaries of the Company and holds certain positions in many organizations, including as a member of the Advisory Committee of ALL-China Federation of Industry and Commerce, an honorary president of the China Federation of Overseas Chinese Entrepreneurs, a vice president of China Association for Public Companies, a vice president of the China Enterprise Reform and Development Society (中國企業改革與發展研究會) and an honorary president of the China Charity Federation. Mr. Cho Tak Wong currently also serves as a director of each of Sanyi Development Limited, Global Cosmos German Limited and Trade Commerce Limited and serves as the first president of Heren Charitable Foundation.
	Shareholding in companies listed domestically or overseas in the past 10 years	Nil

Section IX Changes in Shares and Information of Shareholders

2 Chart setting out the share interests and controlling relationships between the Company and the de facto controller



Section X Relevant Information on Bonds

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

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

1. Basic information of company bonds in existence on the date of approval of the annual report

There are no bonds in existence of the Company as of the date of approval of the 2024 annual report.

Payment of interest of bonds during the Reporting Period

Name of bonds	Explanations of the payment of interest
First tranche of 2024 ultra short-term financing bonds	Completed payment of interest

2. Intermediaries providing services for bond issuance and business in duration period

Name of intermediaries	Office address	Name of signing auditors	Contact Persons	Telephone no.
ZENITH LAW FIRM	22/F, TB# Office Building, Phase III, MIXC, Hongshanyuan Road, Gulou District, Fuzhou, the PRC	N/A	Jiang Hao (蔣浩)	0591-88065558

3. Use of proceeds as at the end of the Reporting Period

Unit: '00 million Currency: RMB

Name of bonds	Total amount of proceeds	Utilized amount	Unused amount	Operation of the designated account for the proceeds (if any)	Rectification of non-compliant utilization of proceeds (if any)	Whether the proceeds were used for the purposes committed to, according to the plan of use and other agreements stated in the prospectus
First tranche of 2024 ultra short-term financing bonds	3	3	0	Nil	Nil	Yes

Section X Relevant Information on Bonds

(II) Accounting data and financial indicators of the Company for the last two years as at the end of the Reporting Period (prepared in accordance with the China Accounting Standards for Business Enterprises)

Unit: Yuan Currency: RMB

Main indicators	2024	2023	Increase/ decrease for the Reporting Period as compared with the corresponding period last year (%)	Reason for changes
Net profit after deducting non-recurring gains and losses ⁽¹⁾	7,445,999,659	5,527,467,830	34.71	Due to the faster revenue growth, as well as quality improvement and efficiency enhancement this year.
Current ratio (times) ⁽²⁾	2.02	2.22	-9.01	
Quick ratio (%) ⁽³⁾	1.69	1.88	-10.11	
Gearing ratio % ⁽⁴⁾	43.58	44.53	-0.95	
Total debt to EBITDA ratio ⁽⁵⁾	0.66	0.55	20.00	
Interest coverage ratio (times) ⁽⁶⁾	27.59	21.78	26.68	
Cash interest coverage ratio (times) ⁽⁷⁾	31.11	26.03	19.52	
EBITDA interest coverage ratio (times) ⁽⁸⁾	35.70	29.62	20.53	
Loan repayment ratio ⁽⁹⁾	100.00	100.00	0	
Interest repayment ratio ⁽¹⁰⁾	100.00	100.00	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

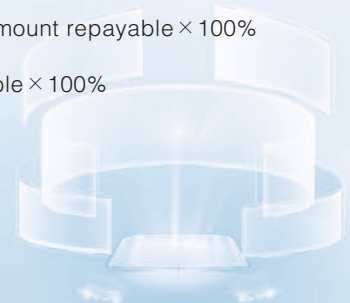
(5) Interest coverage ratio = profit before interest and tax/(interest expenses recognized in finance costs + capitalized interest expenses)

(6) Cash interest coverage ratio = (net cash flows generated 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 XI Financial Report

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Fuyao Glass Industry Group Co., Ltd.
(Established in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of Fuyao Glass Industry Group Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 128 to 232, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Section XI Financial Report

Key audit matters (continued)

Key audit matter

Revenue recognition

Revenue of the Group mainly comprises of manufacture and sale of automotive glasses to original equipment manufacturer (“OEM”) customers and aftersales repair customers. The Group recognises revenue according to the amount of consideration that the Group has rights to receive when the customers acquire the control of related products.

During the year ended 31 December 2024, revenue from sale of automotive glasses amounted to RMB35,711,993,000, accounting for approximately 91% of the total revenue of the Group.

The focus on the revenue from sale to OEM and aftersales repair customers is due to its large transaction volume and different types of customers involved with goods distributed to diverse countries/regions. Inappropriate revenue recognition might have a material impact on the financial statements. Therefore, revenue recognition was identified as a key audit matter.

Disclosures related to revenue recognition are set out in and note 5 REVENUE AND COST OF SALES to the consolidated financial statements.

How our audit addressed the key audit matter

Our audit procedures included, among others, the following:

- (1) Understood, evaluated and tested the effectiveness of the design and operation of internal controls around the Group’s sales transactions from customer orders’ approval to sale recording;
- (2) Inquired management and obtained key sales contracts, validated and identified the terms and conditions in the contracts which were related to the transfer of control and revenue recognition and evaluated whether the accounting policies on revenue recognition were in compliance with the relevant accounting standards;
- (3) For each type of revenue stream, tested, on a sample basis, the timing and amount of revenue recognition are appropriate by tracing to the relevant supporting documents, including but not limited to, terms of control transfer in the sales contracts, customers’ acceptance documents, sales orders, receipts and customs declaration forms, where appropriate;
- (4) Combining with the results of background check and site visits, performed circularisation procedures by sending confirmations of the trade receivable balances of selected customers;
- (5) Conducted analytical review procedures by comparing the revenue and gross profit margin with prior year and evaluated the reasonableness of the fluctuations;
- (6) Tested sales transactions recorded before and after the balance sheet date, on a sample basis, by tracing to the relevant customers’ acceptance documents to assess whether revenue was recognised in the correct reporting periods.
- (7) Checked whether there was any significant reversal of revenue or sales return after the reporting period; and
- (8) Checked the sufficiency and completeness of the disclosures of revenue in the notes to the consolidated financial statements.

Section XI Financial Report

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

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

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Section XI Financial Report

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee Mee Kwan, Helena.

Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong
18 March 2025



Section XI Financial Report

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	Year ended 31 December	
		2024 RMB'000	2023 RMB'000
Revenue	5	39,251,657	33,160,997
Cost of sales	5	(25,303,908)	(21,840,391)
Gross profit		13,947,749	11,320,606
Selling expenses		(1,180,261)	(1,538,783)
Administrative expenses		(3,021,597)	(2,493,598)
Research and development expenses		(1,677,751)	(1,403,030)
Net impairment losses on financial assets	8	(3,563)	(17,110)
Other income	6	400,415	262,917
Other (expense)/gains – net	7	(149,639)	247,968
Operating profit		8,315,353	6,378,970
Finance income	11	979,192	614,002
Finance costs	11	(288,507)	(288,320)
Finance income – net	11	690,685	325,682
Share of net (losses)/profits of joint ventures and associates accounted for using the equity method		(15,802)	10,798
Profit before income tax	8	8,990,236	6,715,450
Income tax expense	12	(1,486,781)	(1,086,914)
Profit for the year		7,503,455	5,628,536
Profit is attributable to:			
Owners of the Company		7,497,392	5,628,684
Non-controlling interests		6,063	(148)
		7,503,455	5,628,536
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
– Basic and diluted earnings per share (expressed in RMB per share)	13	2.87	2.16

Section XI Financial Report

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

		Year ended 31 December	
Note	2024 RMB'000	2023 RMB'000	
	7,503,455	5,628,536	
	Other comprehensive income:		
	Items that may be subsequently reclassified to profit or loss:		
	Currency translation differences	31	169,154
			45,980
	Items that will not be subsequently reclassified to profit or loss:		
	Changes in the fair value of equity investments at fair value through other comprehensive income		(8,371)
	Income tax effect		2,092
		31	(6,279)
			10,116
	Other comprehensive income for the year, net of tax		162,875
			56,096
	Total comprehensive income for the year		7,666,330
			5,684,632
	Total comprehensive income is attributable to:		
	Owners of the Company		7,660,267
	Non-controlling interests		6,063
			5,684,780
			(148)
			7,666,330
			5,684,632



Section XI Financial Report

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

		As at 31 December	
		2024	2023
		RMB'000	RMB'000
	Notes		
Non-current assets			
Property, plant and equipment	15	23,703,580	20,342,951
Right-of-use assets	16(a)	532,127	628,449
Land use rights	17	1,200,145	993,827
Intangible assets	18	495,370	416,344
Investments in joint ventures	19	421,356	49,880
Investments in associates	19	20,139	131,658
Financial assets at fair value through other comprehensive income	24	82,683	91,054
Deferred tax assets	20	375,066	421,038
Long-term receivables	22	30,105	28,891
Total non-current assets		26,860,571	23,104,092
Current assets			
Inventories	21	5,970,614	5,143,615
Receivables, prepayments and other current assets	22	9,718,756	8,553,924
Financial assets at fair value through profit or loss	24	7,683	5,741
Financial assets at fair value through other comprehensive income	24	1,921,466	1,314,918
Restricted cash	23	50,790	36,117
Held-to-maturity term deposits with original maturity of more than three months	23	—	5,130,806
Cash and cash equivalents	23	18,733,774	13,351,250
Total current assets		36,403,083	33,536,371
Total assets		63,263,654	56,640,463
Current liabilities			
Trade and other payables	25	9,074,500	8,018,418
Contract liabilities	26	807,312	979,067
Current tax liabilities		527,713	489,621
Borrowings	27	7,474,519	5,491,699
Lease liabilities	16(a)	99,456	118,807
Current portion of other non-current liabilities	28	5,432	5,186
Total current liabilities		17,988,932	15,102,798
NET CURRENT ASSETS		18,414,151	18,433,573
TOTAL ASSETS LESS CURRENT LIABILITIES		45,274,722	41,537,665
TOTAL ASSETS LESS CURRENT LIABILITIES		45,274,722	41,537,665

Section XI Financial Report

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2024

		As at 31 December	
		2024	2023
		RMB'000	RMB'000
Notes			
Non-current liabilities			
Borrowings	27	7,212,920	8,513,100
Lease liabilities	16(a)	343,739	407,132
Other non-current liabilities	28	498,898	59,287
Deferred tax liabilities	20	704,771	411,645
Deferred income	29	819,352	725,122
Total non-current liabilities		9,579,680	10,116,286
Net assets		35,695,042	31,421,379
EQUITY			
Equity attributable to owners of the Company			
Share capital	30	2,609,744	2,609,744
Share premium	31	9,680,392	9,680,392
Other reserves	31	4,778,234	4,128,883
Retained earnings	31	18,635,469	15,017,220
		35,703,839	31,436,239
Non-controlling interests		(8,797)	(14,860)
Total equity		35,695,042	31,421,379

Cho Tak Wong
Director

Chen Xiangming
Director



Section XI Financial Report

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Notes	Attributable to owners of the Company				Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000 (Note 30)	Share premium RMB'000 (Note 31)	Other reserves RMB'000 (Note 31)	Retained earnings RMB'000 (Note 31)			
Balance at 1 January 2023		2,609,744	9,680,392	3,723,080	13,000,422	29,013,638	(14,712)	28,998,926
Profit for the year		-	-	-	5,628,684	5,628,684	(148)	5,628,536
Other comprehensive income:								
Currency translation differences		-	-	45,980	-	45,980	-	45,980
Changes in the fair value of equity investments at fair value through other comprehensive income		-	-	10,116	-	10,116	-	10,116
Total comprehensive income for the year		-	-	56,096	5,628,684	5,684,780	(148)	5,684,632
Dividends relating to 2022	14	-	-	-	(3,262,179)	(3,262,179)	-	(3,262,179)
Appropriation to statutory reserve	31	-	-	349,707	(349,707)	-	-	-
Balance at 31 December 2023 and 1 January 2024		2,609,744	9,680,392	4,128,883	15,017,220	31,436,239	(14,860)	31,421,379
Profit for the year		-	-	-	7,497,392	7,497,392	6,063	7,503,455
Other comprehensive income:								
Currency translation differences		-	-	169,154	-	169,154	-	169,154
Changes in the fair value of financial assets at fair value through other comprehensive income		-	-	(6,279)	-	(6,279)	-	(6,279)
Total comprehensive income for the year		-	-	162,875	7,497,392	7,660,267	6,063	7,666,330
Dividends relating to 2023	14	-	-	-	(3,392,667)	(3,392,667)	-	(3,392,667)
Appropriation to statutory reserve	31	-	-	486,476	(486,476)	-	-	-
Balance at 31 December 2024		<u>2,609,744</u>	<u>9,680,392</u>	<u>4,778,234</u>	<u>18,635,469</u>	<u>35,703,839</u>	<u>(8,797)</u>	<u>35,695,042</u>



Section XI Financial Report

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

		Year ended 31 December	
Notes	2024 RMB'000	2023 RMB'000	
Cash flow from operating activities			
Cash generated from operations	32(a) 9,664,122	8,369,426	
Income tax paid	(1,101,934)	(744,844)	
	8,562,188	7,624,582	
Net cash generated from operating activities			
Cash flow from investing activities			
Proceeds from disposal of property, plant and equipment	32(b) 102,111	92,197	
Proceeds from disposal of intangible assets and land use rights	32(b) 2	64	
Purchases of property, plant and equipment	(5,104,312)	(4,314,703)	
Purchases of intangible assets	(141,763)	(125,354)	
Purchases of land use rights	(234,797)	(34,654)	
Consideration paid for investment in an associate	-	(20,000)	
Proceeds from sale of an associate	-	30,000	
Interest received	417,422	199,821	
(Increase)/decrease in restricted cash	23 (14,673)	2,864	
Decrease in held-to-maturity term deposits with original maturity of more than three months	14,698,509	6,912,112	
Increase in held-to-maturity term deposits with original maturity of more than three months	(9,666,769)	(7,191,280)	
	55,730	(4,448,933)	
Net cash generated from/(used in) investing activities			
Cash flows from financing activities			
Proceeds from borrowings	32(c) 13,032,972	17,508,736	
Repayments of borrowings	32(c) (12,490,915)	(15,885,157)	
Dividends paid	31 (3,392,667)	(3,262,179)	
Interest paid	32(c) (320,949)	(334,429)	
Payment of lease liabilities and long-term payables	32(c) (186,616)	(307,316)	
	(3,358,175)	(2,280,345)	
Net cash used in financing activities			
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year	13,351,250	12,237,862	
Exchange differences on cash and cash equivalents	122,781	218,084	
	18,733,774	13,351,250	
Cash and cash equivalents at end of the year			
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at bank and on hand	23 18,733,774	13,351,250	
Cash and cash equivalents as stated in the consolidated statement of financial position and in the consolidated statement of cash flows			
	18,733,774	13,351,250	

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. CORPORATE INFORMATION

Fuyao Glass Industry Group Co., Ltd. (福耀玻璃工業集團股份有限公司) (the “Company”) was restructured in 1991 and established in June 1992 in Fuzhou City, Fujian Province, the People’s Republic of China (the “PRC”). The company’s headquarters is in Fuqing City, Fujian Province.

The Company’s shares have been listed on both the Shanghai Stock Exchange (“A shares”) and the Stock Exchange of Hong Kong Limited (“H shares”). On 10 May 2021, the Company successfully placed 101,126,000 H shares with a par value of RMB1 each. As at 31 December 2024, 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) and 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 manufacture and sale of glass products and float glass for automotive purpose.

Information about subsidiaries

Particulars of the subsidiaries of the Group as at 31 December 2024 are set out below:

Company name	Legal Form	Country/place of incorporation and date of incorporation	Issued and paid up capital/ registered capital ('000)	Effective interests held by the Group	Direct or indirect	Principle activities
Fuyao (Hong Kong) Limited (福耀(香港)有限公司)	–	Hong Kong, December 1994	HKD2,014,681	100%	Direct	Investment holding
Fuyao Group (Hong Kong) Limited (福耀集團(香港)有限公司)	–	Hong Kong, January 2010	USD1,000	100%	Direct	Sale of automobile glasses
Yung Tak Investment Limited (融德投資有限公司)	–	Hong Kong, May 1993	HKD100	100%	Indirect	Property lease
Meadland Limited (Meadland Limited)	–	Hong Kong, December 1998	USD8,200	100%	Indirect	Investment holding
Fuyao North America Incorporated (福耀北美玻璃工業有限公司)	–	United States, August 2001	USD8,000	100%	Direct	Sale of automobile glasses
Fuyao Automotive North America, INC. (福耀玻璃配套北美有限公司)	–	United States, June 2008	USD60	100%	Direct	Sale and installation of automotive glass accessories
Fuyao Group Korea Co., Ltd. (福耀集團韓國株式会社)	–	Korea, September 2007	KRW500,000	100%	Direct	Sale of automobile glasses
Fuyao Japan Co., Ltd. (福耀日本株式会社)	–	Japan, July 2008	JPY300,100	100%	Direct	Sale of automobile glasses
Fuyao Europe GmbH (福耀歐洲玻璃工業有限公司)	–	Germany, June 2007	EUR25	100%	Indirect	Sale and installation of automotive glass accessories

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

1. CORPORATE INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the subsidiaries of the Group as at 31 December 2024 are set out below: (Continued)

Company name	Legal Form	Country/place of incorporation and date of incorporation	Issued and paid up capital/ registered capital ('000)	Effective interests held by the Group	Direct or indirect	Principle activities
Fuyao Group (Fujian) Machinery Manufacturing Co., Ltd. (福耀集團(福建)機械製造有限公司)	Limited liability	PRC, March, 1994	RMB34,000	100%	Direct	Manufacture of machinery
Fujian Wanda Automobile Glass Industry Co., Ltd. (福建省萬達汽車玻璃工業有限公司)	Limited liability	PRC, July 1994	RMB745,150	100%	Direct	Production and sale of automobile glasses
Fuyao Group Changchun Co., Ltd. (福耀集團長春有限公司)	Limited liability	PRC, September 2000	RMB600,000	100%	Direct	Production and sale of automobile glasses
Chongqing Wansheng Fuyao Glass Co., Ltd. (重慶萬盛福耀玻璃有限公司)	Limited liability	PRC, July 2002	RMB80,000	100%	Direct	Production and sale of automobile glasses
Fuyao Group Shanghai Automobile Glass Co., Ltd. (福耀集團(上海)汽車玻璃有限公司)	Limited liability	PRC, April 2002	USD68,049	100%	Direct	Production and sale of automobile glasses
Shanghai Fuyao Bus Glass Co., Ltd. (上海福耀客車玻璃有限公司)	Limited liability	PRC, March 2007	RMB200,000	100%	Indirect	Production and sale of bus glasses
FYSAM Auto Decorative GmbH (FYSAM汽車飾件有限公司)	-	Germany, November 2018	EUR25	100%	Indirect	Production and sale of trim parts
Fuyao Group Automotive Decoration (Shanghai) Co., Ltd. (福耀集團上海汽車飾件有限公司)	Limited liability	PRC, November 2007	USD30,000	100%	Direct	Production and sale of automobile glasses
Fuyao Group Tongliao Co., Ltd. (福耀集團通遼有限公司)	Limited liability	PRC, October 2003	RMB500,000	100%	Direct	Production and sale of float glasses
Fuyao Glass (Chongqing) Co., Ltd. (福耀玻璃(重慶)有限公司)	Limited liability	PRC, March 2004	USD35,000	100%	Direct	Production and sale of automobile glasses
Fuyao Glass (Hubei) Co., Ltd. (福耀玻璃(湖北)有限公司)	Limited liability	PRC, November 2007	USD43,000	100%	Direct	Production and sale of automobile glasses
Guangzhou Fuyao Glass Co., Ltd. (廣州福耀玻璃有限公司)	Limited liability	PRC, June 2006	USD75,000	100%	Indirect	Production and sale of automobile glasses
Hainan Wenchang Fuyao Silica Sand Co., Ltd. (海南文昌福耀硅砂有限公司)	Limited liability	PRC, July 2006	RMB40,000	100%	Direct	Exploitation and sale of mineral



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

1. CORPORATE INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the subsidiaries of the Group as at 31 December 2024 are set out below: (Continued)

Company name	Legal Form	Country/place of incorporation and date of incorporation	Issued and paid up capital/ registered capital ('000)	Effective interests held by the Group	Direct or indirect	Principle activities
Fuyao Guangzhou Nansha Automotive Glass Co., Ltd. (廣州南沙福耀汽車玻璃有限公司)	Limited liability	PRC, November 2005	USD700	100%	Indirect	Provision of warehousing services
Fuyao (Changchun) Bus Glass Co., Ltd. (福耀(長春)巴士玻璃有限公司)	Limited liability	PRC, January 2004	RMB39,951	100%	Indirect	Production and sale of automobile glasses
Chongqing Wansheng Float Glass Co., Ltd. (重慶萬盛浮法玻璃有限公司)	Limited liability	PRC, April 2009	RMB300,000	100%	Direct	Production and sale of float glasses
Zhengzhou Fuyao Glass Co., Ltd. (鄭州福耀玻璃有限公司)	Limited liability	PRC, April 2011	RMB300,000	100%	Direct	Production and sale of automobile glasses
Fuzhou Fuyao Mould Technology Co., Ltd. (福州福耀模具科技有限公司) ^(a)	Limited liability	PRC, May 2013	RMB300,000	100%	Indirect	Production and sale of mold, automotive parts, fibre products and plastic products
Fujian Triplex Group Holdings Co., Ltd. (福建三鋒控股集團有限公司) ^(b)	Limited liability	PRC, November 2015	RMB100,000	100%	Indirect	Research, development, production and sale of glass and mold
Fujian Fuyao Automotive Trim System Co., Ltd. (福建福耀汽車飾件有限公司)	Limited liability	PRC, July 2015	RMB300,000	100%	Indirect	Production and sale of automotive decorations and automotive parts
Fujian Fuyao Automotive Glass Distribution Co., Ltd. (福建福耀汽車玻璃銷售有限公司)	Limited liability	PRC, February 2016	RMB100,000	100%	Indirect	Sale of automobile glasses and provider of car service
Fuyao (Xiamen) Precision Corp. (福耀(廈門)精密製造有限公司)	Limited liability	PRC, June 2003	USD15,000	78%	Indirect	Production and sale of mold, automotive parts and plastic products
Foshan Fuyao Glass Co., Ltd. (佛山福耀玻璃有限公司)	Limited liability	PRC, March 2012	RMB10,000	100%	Indirect	Installation of automotive glass accessories
Xupu Fuyao Silica Sand Co., Ltd. (溱浦福耀硅砂有限公司)	Limited liability	PRC, July 2012	RMB15,000	51%	Indirect	Exploitation and sale of mineral

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

1. CORPORATE INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the subsidiaries of the Group as at 31 December 2024 are set out below: (Continued)

Company name	Legal Form	Country/place of incorporation and date of incorporation	Issued and paid up capital/ registered capital ('000)	Effective interests held by the Group	Direct or indirect	Principle activities
Fuyao Group (Shenyang) Automotive Glass Co., Ltd. (福耀集團(瀋陽)汽車玻璃有限公司)	Limited liability	PRC, June 2012	RMB150,000	100%	Direct	Production and sale of automobile glasses
Fuyao Glass Rus Co., Ltd. (福耀玻璃俄羅斯有限公司)	–	Russia, April 2010	RUB 5,332,574	100%	Direct	Production and sale of automobile glasses
Fuyao Glass (Suzhou) Co., Ltd. (福耀玻璃(蘇州)有限公司)	Limited liability	PRC, March 2017	RMB400,000	100%	Direct	Production and sale of automobile glasses
Chengdu Lvrong Automotive Glass Co., Ltd. (成都綠榕汽車玻璃有限公司)	Limited liability	PRC, December 2012	RMB25,000	100%	Indirect	Installation of automotive glass accessories
Yantai Fuyao Glass Co., Ltd. (煙台福耀玻璃有限公司)	Limited liability	PRC, June 2013	RMB60,000	100%	Indirect	Installation of automotive
Wuhan Fuyao Glass Co., Ltd. (武漢福耀玻璃有限公司)	Limited liability	PRC, July 2013	RMB30,000	100%	Indirect	Installation of automotive
Liuzhou Fuyao Glass Co., Ltd. (柳州福耀玻璃有限公司)	Limited liability	PRC, September 2013	RMB20,000	100%	Indirect	Installation of automotive glass accessories
Benxi Fuyao Silica Sand Co., Ltd. (本溪福耀硅砂有限公司)	Limited liability	PRC, May 2014	RMB60,000	100%	Indirect	Exploitation and sales of mineral
Fuyao Glass America Inc. (福耀玻璃美國有限公司)	–	United States, March 2014	USD1.5	100%	Direct	Production and sale of automobile glasses
Fuyao Asset Management A, LLC (福耀美國A資產公司)	–	United States, November 2013	USD0.8	100%	Indirect	Property lease
Fuyao Glass Illinois, Inc. (福耀玻璃伊利諾伊有限公司)	–	United States, August 2014	USD1	100%	Indirect	Production and sale of float glasses
Fuyao Asset Management C, LLC (福耀美國C資產公司)	–	United States, August 2014	USD0.8	100%	Indirect	Property lease
Fuyao Michigan Holding Company, LLC (福耀密歇根控股有限責任公司)	–	United States, June 2023	–	100%	Indirect	Investment holding



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

1. CORPORATE INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the subsidiaries of the Group as at 31 December 2024 are set out below: (Continued)

Company name	Legal Form	Country/place of incorporation and date of incorporation	Issued and paid up capital/ registered capital ('000)	Effective interests held by the Group	Direct or indirect	Principle activities
FYSAM Auto Decorative Slovakia s.r.o. (FYSAM汽車飾件(斯洛伐克)有限公司)	–	Slovakia, March 2018	EUR5	100%	Indirect	Production and sale of automotive decorations and automotive parts
FYSAM Auto Decorative de Mexico S. de R. L. de C. V. (FYSAM汽車飾件(墨西哥)有限公司)	–	Mexico, December 2010	MXN3	100%	Indirect	Production and sale of automotive decorations and automotive parts
Tianjin Hongde Auto Glass Co., Ltd. (天津泓德汽車玻璃有限公司)	Limited liability	PRC, May 2015	RMB400,000	100%	Direct	Production and sale of automobile glasses
Benxi Fuyao Float Glass Co., Ltd. (本溪福耀浮法玻璃有限公司)	Limited liability	PRC, December 2016	RMB500,000	100%	Direct	Production and sale of float glasses
Fuyao (Tongliao) Refined Aluminium Co., Ltd. (福耀(通遼)精鋁有限責任公司)	Limited liability	PRC, November 2018	RMB10,000	100%	Direct	Production and sale of refined aluminium
Fujian Fuyao Automotive Aluminium system Co., Ltd. (福耀汽車鋁件(福建)有限公司)	Limited liability	PRC, February 2019	RMB150,000	100%	Direct	Production and sale of refined aluminium
Fuyao Technology Development (Suzhou) Co., Ltd. (福耀科技發展(蘇州)有限公司)	Limited liability	PRC, August 2019	RMB21,500	100%	Indirect	Intelligent research and development, technology transfer, technical services and technology promotion
Fuyao Tongliao Silica Sand Co., Ltd. (福耀通遼硅業有限公司矽業有限公司) ^(c)	Limited liability	PRC, March 2021	RMB100,000	100%	Direct	Exploitation and sale of mineral
Fuyao High Performance Glass Technology (Fujian) Co., Ltd. (福耀高性能玻璃科技(福建)有限公司)	Limited liability	PRC, August 2021	RMB10,000	100%	Direct	Research and development of new material technologies, production and sales of automotive glass and automotive parts
Fuyao Aluminum Parts (Changchun) Co., Ltd. (福耀鋁件(長春)有限公司)	Limited liability	PRC, February 2023	RMB100,000	100%	Direct	Production and sale of refined aluminium

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

1. CORPORATE INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the subsidiaries of the Group as at 31 December 2024 are set out below: (Continued)

Company name	Legal Form	Country/place of incorporation and date of incorporation	Issued and paid up capital/ registered capital ('000)	Effective interests held by the Group	Direct or indirect	Principle activities
Fuyao Glass (Fujian) Co., Ltd. (福耀玻璃(福建)有限公司) ^(d)	Limited liability	PRC, January 2024	RMB1,000,000	100%	Direct	Production of auto parts and accessories, glasses
Fuyao Glass (Anhui) Co., Ltd. (福耀玻璃(安徽)有限公司) ^(e)	Limited liability	PRC, March 2024	RMB500,000	100%	Direct	Production of auto parts and accessories, glasses
Fuyao Glass (Anhui) Auto parts Co., Ltd. (福耀玻璃(安徽)汽车配件有限公司) ^(f)	Limited liability	PRC, March 2024	RMB150,000	100%	Direct	Production of auto parts and accessories, glasses
Fuyao Float Glass (Anhui) Co., Ltd. (福耀浮法玻璃(安徽)有限公司) ^(g)	Limited liability	PRC, March 2024	RMB350,000	100%	Direct	Production of glass, technical glass products
Fuyao Glass Eastern Europe Kft. (福耀(東歐)有限責任公司)	Limited liability	Hungary, May 2024	EUR8	100%	Indirect	Provision of automotive glass logistics services

Notes:

- (a) In 2018, the Group acquired Fuzhou Fuyao Mould Technology Co., Ltd. with registered capital of RMB300,000,000. As of 31 December 2024, the registered capital had not been fully paid.
- (b) In 2018, the Group acquired Fujian Triplex Group Holdings Co., Ltd. with registered capital of RMB100,000,000. As of 31 December 2024, the registered capital had not been fully paid.
- (c) On 31 March 2021, the Company established Fuyao Tongliao Silica Sand Co., Ltd. with registered capital of RMB100,000,000. As of 31 December 2024, the registered capital had not been fully paid.
- (d) On 8 January 2024, the Company established Fuyao Glass (Fujian) Co., Ltd. with registered capital of RMB1,000,000,000. As of 31 December 2024, the registered capital had not been fully paid.
- (e) On 27 March 2024, the Company established Fuyao Glass (Anhui) Co., Ltd. with registered capital of RMB500,000,000. As of 31 December 2024, the registered capital had not been fully paid.
- (f) On 27 March 2024, the Company established Fuyao Glass (Anhui) Auto parts Co., Ltd. with registered capital of RMB150,000,000. As of 31 December 2024, the registered capital had not been fully paid.
- (g) On 27 March 2024, the Company established Fuyao Float Glass (Anhui) Co., Ltd. with registered capital of RMB350,000,000. As of 31 December 2024, the registered capital had not been fully paid.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which include Hong Kong Standards on Auditing (“HKSAAs”) and Interpretations promulgated by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and fair value through other comprehensive income, which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>
Adoption of Amendments to IAS 1	

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have material impact on the financial position or performance of the Group.

Except for the Amendments to IAS 1 mentioned above, the application of other revised IFRSs in the current period has had no relevant impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRSs, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures³</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments²</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate Joint Venture⁴</i>
Amendments to IAS 21	<i>Lack of Exchangeability¹</i>
Annual Improvements to IFRS Accounting Standards – Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7²</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity²</i>

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements. Except for this, the Group considers that other new and revised IFRSs may result in changes in accounting policies but are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 MATERIAL ACCOUNTING POLICIES

Associates

An associate is an entity over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to statement of profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount under "other gains/(losses) – net" in the consolidated statement of profit or loss.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Associates (Continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the statement of profit or loss.

The carrying amount of associates investments is tested for impairment in accordance with the policy described in "Impairment of non-financial assets".

Joint ventures

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

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

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

The Group determines at each reporting date whether there is any objective evidence that the investments in the joint venture are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint ventures and their carrying value and recognises the amount under "other gains/(losses) -net" in the consolidated statement of profit or loss.

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

The carrying amount of joint arrangement investments is tested for impairment in accordance with the policy described in "Impairment of non-financial assets".



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

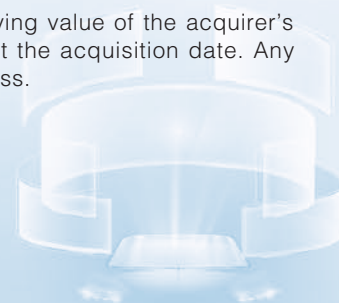
The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the statement of profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

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



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Foreign exchange gains and losses are presented in the consolidated statement of profit or loss within "other gains/(losses) – net".

(c) Group companies

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

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as net investment, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the subsidiaries exchange differences are reclassified to consolidated statement of profit or loss, as part of the gain or loss on sale.

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

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currency translation (Continued)

(c) Group companies (Continued)

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

Property, plant and equipment

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

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

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

The estimated useful life, estimated residual rate and annual depreciation rate of property, plant and equipment, are listed as follows:

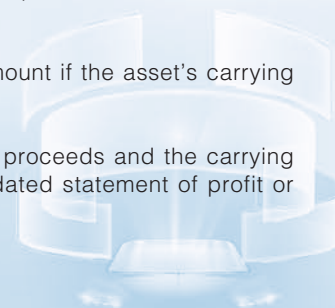
	Estimated useful lives	Estimated residual rate	Annual depreciation rate
Buildings	10 to 20 years	10%	4.5% to 9%
Machinery and equipment	10 to 12 years	10%	7.5% to 9%
Electronic and office equipment	5 years	10%	18%
Vehicles and others	3 to 5 years	10%	18% to 30%

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

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

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

Gains and losses on disposal are determined as the difference between the proceeds and the carrying amount and are recognised under "other gains/(losses) -net" in the consolidated statement of profit or loss.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Land use rights

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

Intangible assets

(a) Goodwill

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

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

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

(b) Patents

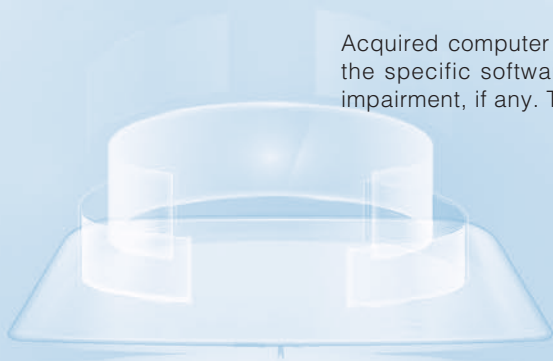
Acquired patents are shown at historical cost. Patents have a finite life and are carried at cost less accumulated amortisation and impairment, if any. Amortisation is calculated using the straight-line method to allocate the cost of patents over their estimated useful lives.

(c) Licenses fee

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

(d) Computer software

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



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

(e) Mining rights

Acquired mining rights are carried at cost less accumulated amortisation and impairment, if any. Amortisation is calculated on the basis of the proportion of the actual mining volume during the year to the expected total output of the mine.

(f) Other intangible assets

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

Research and development costs

All research costs are charged to the consolidated statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Impairment of non-financial assets

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



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; (If the Group is itself such a plan) and the sponsoring employers of the post-employment benefit plan;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets

(a) Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

(c) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the statement of profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the statement of profit or loss and presented net within other gains/(losses) in the period in which it arises.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

(c) Measurement (Continued)

Equity instruments

The group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the statement of profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the statement of profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its trade receivables and other receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group's main criteria for determining a significant increase in credit risk are significant changes in one or more of the following indicators: the business environment in which the debtor operates, internal and external credit ratings, significant changes in actual or expected results of operations, and significant decreases in the value of collaterals or in the credit ratings of the guarantors that would affect the probability of default.

The Group's main criteria for determining that credit impairment has occurred are the fulfillment of one or more of the following conditions: significant financial difficulty of the debtor, other debt restructuring or probable bankruptcy.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 39.1(b) for further details.

Other receivables are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a deposit or receivable has occurred since initial recognition, the impairment is measured as lifetime expected credit losses.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

(e) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Inventories

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

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within a year and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other payables

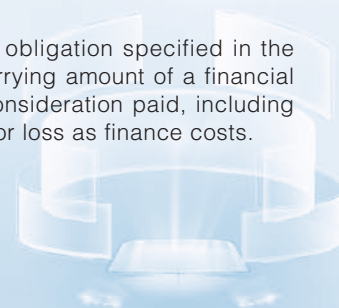
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they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

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

Borrowings

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

Borrowings are derecognised from statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Borrowings (Continued)

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

Borrowing costs

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

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

Other borrowing costs are expensed in the period in which they are incurred.

Current and deferred tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Current and deferred tax (Continued)

(b) Deferred tax

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

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

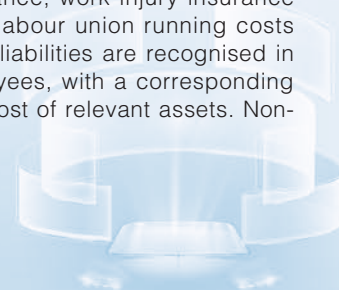
Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits provided in various forms of consideration in exchange for service rendered by employees or compensations for the termination of employment relationship.

(a) Short-term obligations

Short-term employee benefits include employee wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, short-term paid absences, labour union running costs and employee education costs, etc. The short-term employee benefit liabilities are recognised in the accounting period in which the service is rendered by the employees, with a corresponding charge to the statement of profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

(b) Pension obligations

The Group has participated in various pension plans and other post-retirement benefits in various countries where its subsidiaries operate. The Group contributes on a monthly basis to these pension plans and has no obligation for post-retirement benefits beyond the contributions made.

Mainland China

The employees of companies in Mainland china participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to prescribed bases and percentage by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the statement of profit or loss for the current period or the cost of relevant assets.

United States of America

The Group pays fixed contributions into a local separate fund, which is responsible for paying pensions and other post-retirement benefits to the retired employees. The amounts based on the defined contribution plans are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the statement of profit or loss for the current period or the cost of relevant assets.

Germany

The Group pays fixed contributions into a local separate fund, which is responsible for paying pensions and other post-retirement benefits to the retired employees. The amounts based on the defined contribution plans are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the statement of profit or loss for the current period or the cost of relevant assets.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

(c) Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to the consolidated statement of profit or loss at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw an employment termination plan or a curtailment proposal; and 2) when the Group recognises costs or expenses related to the restructuring that involves the payment of termination benefits.

Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sales of products

Revenue will be recognised at the point in time when the products are shipped to the agreed delivery locations in accordance with the contracts, and customers confirm the acceptance.

Volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. The most likely amount method is used to estimate the variable consideration for the expected rebates.

The Group grants assurance-type warranties to the automobile manufacturer (OEM) customers for general repairs of defects occurring during the warranty period. The Group assesses the amount of the warranty provision to be insignificant for the reporting period based on past experience of the level of repairs and returns.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis as follows. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

As at the end of 31 December 2024, the Group's leased assets are amortised over the following years:

Buildings	2 to 15 years
Equipment	10 years
Vehicles	3 to 6 years
Others	3 to 10 years



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2 ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

Government grants

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

Government grants relating to costs are deferred and recognised in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

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

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

Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

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

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

(b) Net realisable value of inventories

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

(c) Current and deferred 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 tax provisions in the period in which such determination is made.

Deferred 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 tax assets and taxation charges in the period in which such estimate is changed.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(d) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in note 39.1(b).

(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 fixed asset, construction in progress, 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.

Due to the operating loss of FYSAM Auto Decorative GmbH, a subsidiary of the Group, there are signs of impairment on the long-term assets used. The Group conducts impairment tests on the long-term assets of the subsidiary, such as property, plant and equipment and right-of-use assets, as an asset group. The Group uses present value of the estimated future cash flows to determine the recoverable amount. Due to uncertainties in future circumstances and selling volume, the growth rate, gross margin and discount rate before tax used in the calculation of the present value of projected future cash flows are subject to estimations and judgement.

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

(f) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

4 SEGMENT INFORMATION

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

None of the revenue derived from any single external customer amounted for more than 10% of the Group's revenue during the years ended 2024 and 2023.

(a) Revenue by geographical areas

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
The PRC	21,659,158	18,274,368
– Domestic automotive glasses	20,075,687	16,819,244
Other countries	17,592,499	14,886,629
– Overseas automotive glasses	15,636,306	13,068,110
	39,251,657	33,160,997

The revenue information above is based on the locations of the customers.

(b) Non-current assets by geographical areas

	As at 31 December	
	2024 RMB'000	2023 RMB'000
The PRC	18,052,010	15,103,051
Other countries	8,320,707	7,460,058
	26,372,717	22,563,109

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

5 REVENUE AND COST OF SALES

(a) Revenue and cost of sales by product

	Year ended 31 December			
	2024		2023	
	Revenue RMB'000	Cost of sales RMB'000	Revenue RMB'000	Cost of sales RMB'000
Automotive glasses	35,711,993	25,070,127	29,887,354	20,900,615
Float glasses	5,960,560	3,863,262	5,708,192	4,141,016
Others	4,545,372	3,218,216	3,786,958	2,934,807
	46,217,925	32,151,605	39,382,504	27,976,438
Less: Intra-group sales	(6,966,268)	(6,847,697)	(6,221,507)	(6,136,047)
	39,251,657	25,303,908	33,160,997	21,840,391

(b) Revenue included rental income under operating leases amounting to RMB18,975,000 for the year ended 31 December 2024 (2023: RMB33,787,000). Other than rental income, the Group derives revenue from the transfer of goods at a point in time.

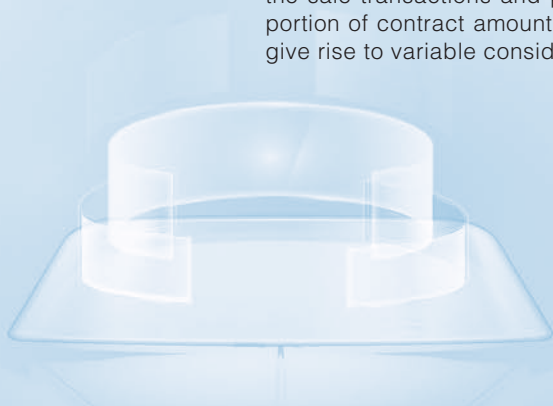
(c) The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	309,526	392,591

(d) Performance obligations

Sale of automotive glasses and other relevant products

The performance obligation is satisfied mainly upon delivery of automotive glasses and other relevant products and after acceptance by customers. The Group is the principal of the performance obligation on the sale transactions and payment is mainly generally due within 30 to 120 days from delivery, where a portion of contract amount is paid in advance. Some contracts provide customers volume rebates which give rise to variable consideration.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6 OTHER INCOME

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Government grants		
– relating to income and expense (a)	89,342	99,871
– relating to assets (note 29)	95,825	90,918
Tax incentives	215,248	72,128
	400,415	262,917

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

7 OTHER (EXPENSES)/GAINS – NET

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Foreign exchange (losses)/gains - net	(24,285)	368,696
Net gain on claims	25,243	38,622
Losses on disposal of property, plant and equipment, right-of-use assets and intangible assets (note 32(b))	(92,206)	(100,068)
Impairment and other losses related to investments in associates	(43,641)	(35,654)
Discount cost of the disposals of notes receivable at fair value through other comprehensive income (note 36(b))	(11,293)	(9,803)
Donation	(3,276)	(6,782)
Changes in fair value of financial assets at fair value through profit or loss (note 32(a))	1,942	(1,655)
Others	(2,123)	(5,388)
	(149,639)	247,968



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

8 PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging/(crediting):

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Cost of inventories sold	25,030,877	21,424,326
Depreciation of property, plant and equipment (<i>note 15</i>)	2,469,385	2,305,612
Depreciation of rights-of-use assets (<i>note 16(b)</i>)	168,226	141,396
Amortisation of land use rights (<i>note 17</i>)	28,803	26,137
Amortisation of intangible assets (<i>note 18</i>)	61,672	49,872
Lease payments not included in the measurement of lease liabilities (<i>note 16(b)</i>)	72,897	62,662
Auditor's remuneration		
– Audit services	6,472	6,528
– Non-audit services	4,823	–
Employee benefit expense (including directors and supervisors' remuneration (<i>note 9</i>)):		
Salaries, wages and bonuses	5,897,616	5,122,237
Pension, social security costs and housing benefits	1,005,010	822,486
Other welfare	263,652	201,701
	7,166,278	6,146,424
Research and development expenses	1,677,751	1,403,030
Foreign exchanges differences, net	24,285	(368,696)
Impairment losses on property, plant and equipment (<i>note 15</i>)	15,816	118,444
Write-down of inventories to the net realisable value (<i>note 21</i>)	88,927	29,135
Provision for onerous contracts (<i>note 28(c)</i>)	34,487	–
Impairment losses on right-of-use assets (<i>note 32(a)</i>)	3,346	28,590
Impairment losses of financial assets, net	3,563	17,110

Notes:

- (i) There is no material forfeited contribution of the Group utilised during the year and no material forfeited contribution was left available at the year-end to reduce future contributions (2023: Nil).
- (ii) Contributions totalling RMB4,692,000 (2023: RMB7,546,000) were payable to the fund at the year-end.
- (iii) The write-down of inventories to the net realisable value for the year are included in "Cost of sales" in the consolidated statement of profit or loss.
- (iv) The impairment losses on property, plant and equipment and right-of-use assets for the year are included in "Cost of sales" in the consolidated statement of profit or loss.

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

9 DIRECTORS' AND SUPERVISORS' REMUNERATION

The remuneration of each director and supervisor of the Company paid/payable by the Group for the year ended 31 December 2024 is set out as follows:

	Director's fee <i>RMB'000</i>	Salaries and wages <i>RMB'000</i>	Discretionary Bonuses ^(c) <i>RMB'000</i>	Pension, housing fund allowances, medical and other social insurance <i>RMB'000</i>	Total <i>RMB'000</i>
Executive directors					
Mr. Cho Tak Wong	–	6,530	960	23	7,513
Mr. Tso Fai	–	1,449	8	66	1,523
Mr. Ye Shu	–	1,088	2,198	132	3,418
Mr. Chen Xiangming	–	853	1,500	91	2,444
Non-executive directors					
Mr. Wu Shinong	90	–	–	–	90
Ms. Zhu Dezhen	90	–	–	–	90
Independent non-executive directors					
Mr. Dat Dzung Hao Daniel ^(a)	263	–	–	–	263
Mr. Liu Jing	150	–	–	–	150
Mr. Xue Zuyun ^(a)	144	–	–	–	144
Ms. Cheung Kit Man Alison ^(b)	12	–	–	–	12
Mr. Qu Wenzhou ^(b)	6	–	–	–	6
Supervisors					
Mr. Bai Zhaohua	–	832	1,500	–	2,332
Mr. Chen Mingsen	150	–	–	–	150
Mr. Ma Weihua	150	–	–	–	150
	1,055	10,752	6,166	312	18,285

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

9 DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

The remuneration of each director and supervisor of the Company paid/payable by the Group for the year ended 31 December 2023 are set out as follows:

	Director's fee RMB'000	Salaries, wages RMB'000	Discretionary Bonuses ⁽²⁾ RMB'000	Pension, housing fund allowances, medical and other social insurance RMB'000	Total RMB'000
Executive directors					
Mr. Cho Tak Wong	–	6,446	960	22	7,428
Mr. Tso Fai	–	1,440	8	59	1,507
Mr. Ye Shu	–	1,079	1,751	130	2,960
Mr. Chen Xiangming	–	843	1,300	85	2,228
Non-executive directors					
Mr. Wu Shinong	90	–	–	–	90
Ms. Zhu Dezhen	90	–	–	–	90
Independent non-executive directors					
Ms. Cheung Kit Man Alison	270	–	–	–	270
Mr. Liu Jing	150	–	–	–	150
Mr. Qu Wenzhou	150	–	–	–	150
Supervisors					
Mr. Bai Zhaohua	–	832	960	–	1,792
Mr. Chen Mingsen	150	–	–	–	150
Mr. Ma Weihua	150	–	–	–	150
	<u>1,050</u>	<u>10,640</u>	<u>4,979</u>	<u>296</u>	<u>16,965</u>

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

9 DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

Notes:

- (a) Mr. Dat Dzung Hao Daniel and Mr. Xue Zuyun were appointed as independent non-executive directors on 16 January 2024.
- (b) Ms. Cheung Kit Man Alison and Mr. Qu Wenzhou retired as independent non-executive directors on 16 January 2024.
- (c) Discretionary bonuses are determined based on the duties and responsibilities of directors and supervisors, and the operating performance of the Group.
- (d) No director's termination benefit subsisted at the end of the year or at any time during the year (2023: Nil).
- (e) No consideration provided to third parties for making available directors' services subsisted at the end of the year or at any time during the year (2023: Nil).
- (f) No loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of the year or at any time during the year (2023: Nil).
- (g) No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2023: Nil).

10 FIVE HIGHEST PAID EMPLOYEES

The five individuals whose emoluments were the highest in the Group for the year include two directors (2023: two directors) whose emoluments are reflected in the analysis shown in note 9. The emoluments payable to the remaining three (2023: three) individuals during the year are as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Basic salaries and allowances	3,566	3,501
Bonuses	7,497	6,757
Contribution to pension scheme	238	233
Others	64	59
	11,365	10,550



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

10 FIVE HIGHEST PAID EMPLOYEES (Continued)

The emoluments fell within the following bands:

Emoluments bands (in HK dollar)	Year ended 31 December	
	2024	2023
HKD2,000,001 to HKD2,500,000	–	–
HKD2,500,001 to HKD3,000,000	2	2
HKD3,000,001 to HKD3,500,000	–	–
HKD3,500,001 to HKD4,000,000	–	–
HKD4,000,001 to HKD4,500,000	–	–
HKD4,500,001 to HKD5,000,000	–	–
HKD5,000,001 to HKD5,500,000	–	–
HKD5,500,001 to HKD6,000,000	–	–
HKD6,000,001 to HKD6,500,000	–	–
HKD6,500,001 to HKD7,000,000	1	1
	3	3

During the year, no director, supervisor or the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office (2023 Nil).

11 FINANCE INCOME – NET

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Finance income:		
Interest income	979,192	614,002
Finance costs:		
Interest on borrowings	(323,603)	(306,341)
Interest on lease liabilities (note 16(b))	(12,731)	(15,266)
Less: borrowing costs capitalised (note 15)	47,827	33,287
	(288,507)	(288,320)
Finance income – net	690,685	325,682

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

12 INCOME TAX EXPENSE

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

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Current tax		
– Current period	1,134,454	922,325
– Adjustments for current tax of prior periods	14,530	(29,294)
Deferred tax (note 20)	337,797	193,883
Income tax expense	1,486,781	1,086,914

(a) PRC corporate income tax

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

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

(b) Hong Kong profits tax

Applicable profit tax rates of the Group's subsidiaries in Hong Kong are 16.5% and 25% for different subsidiaries respectively.

- (1) Applicable profit tax rate of Fuyao Group (Hong Kong) Limited and Yung Tak Investment Limited is 16.5% (2023: 16.5%).
- (2) Fuyao (Hong Kong) Limited and Meadland Limited are resident enterprises with actual management body in Mainland China for tax purpose, and are subject to the applicable profit tax rate of 25% (2023: 25%).

(c) United States of America profits tax

Applicable profit tax rates of the Group's subsidiaries in the United States of America are ranging from 24.57% to 27% with details as follows:

- (1) Fuyao North America Glass Industry Co., Ltd. calculates profits tax at a rate of 26.81% on the estimated assessable profits during the year ended 31 December 2024.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

12 INCOME TAX EXPENSE (Continued)

(c) United States of America profits tax (Continued)

- (2) Fuyao Glass America Co., Ltd., Fuyao Glass Illinois Co., Ltd. and Fuyao America C Assets Co., Ltd. jointly filed the federal income tax and state tax, at a federal tax rate of 21%, a consolidated state tax rate of 4.2%, and the total rate of 25.2%, in accordance with the relevant United States tax laws. The deductible losses of previous years were used in the current year, so profit tax was paid based on the taxable profits after making up the losses.
- (3) Fuyao Automotive North America, INC and Fuyao Asset Management A, LLC, jointly filed the federal income tax and state tax, at a federal tax rate of 21%, a consolidated state tax rate of 3.57%, and the total rate of 24.57%, in accordance with the relevant United States tax laws. The deductible losses of previous years were used in the current year, so profit tax was paid based on the taxable profits after making up the losses.

(d) Russia profits tax

Applicable profit tax rate of Russia is 20%. In the current year, 50% of the estimated taxable profit is used to make up the accumulated losses, and the remaining 50% is subject to profit tax at the applicable profit tax rate. (2023: 20%).

(e) Germany profits tax

Applicable profit tax rates of the Group's two subsidiaries in Germany is 28.43% and 28.78%, respectively. In the current year, Fuyao Europe GmbH, one of the subsidiaries located in Germany, has achieved a profit and paid profit tax at the applicable tax rate after deducting the deductible losses of previous years from the taxable income. No profit tax has been provided by another subsidiary due to accumulated losses.

(f) Organisation for Economic Cooperation and Development (OECD) Pillar Two model rules

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted but not yet in effect as at 31 December 2024 in Hungary, Germany and Slovakia in which the Group operates. The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group should benefit from the transitional safe harbour for Hungary, Germany and Slovakia for the year 2024. The Group continues to follow the Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

12 INCOME TAX EXPENSE (Continued)

- (f) Organisation for Economic Cooperation and Development (OECD) Pillar Two model rules (Continued)

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

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Profit for the year before income tax	8,990,236	6,715,450
Tax calculated at the applicable statutory income tax rates	2,266,855	1,691,807
Preferential income tax rates	(773,870)	(616,963)
Expenses not deductible for tax purpose	3,280	6,910
Income not subject to income tax	(40,812)	(1,411)
Unrecognised deductible temporary differences	22,763	45,109
Unrecognised tax losses carried forward	57,320	99,711
Utilisation of previously unrecognised tax losses	(74,155)	(56,244)
Utilisation of previously unrecognised deductible temporary differences	(1,031)	(5,211)
Withholding taxation on unremitted earnings of certain subsidiaries	159,635	83,250
Additional deduction for research and development expenses	(147,734)	(130,750)
Adjustments for current tax of prior periods after tax annual filing	14,530	(29,294)
Income tax expense	1,486,781	1,086,914

13 EARNINGS PER SHARE

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

	Year ended 31 December	
	2024	2023
Net profit attributable to the equity holders of the Company (RMB'000)	7,497,392	5,628,684
Weighted average number of ordinary shares in issue (thousand)	2,609,744	2,609,744
Basic earnings per share (RMB)	2.87	2.16

- (b) The diluted earnings per share are same as the basic earnings per share as there was no dilutive potential shares existed during the year (2023: Nil).

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

14 DIVIDENDS

The dividends paid in 2024 and 2023 were RMB3,392,667,000 (2023 annual dividend) and RMB3,262,179,000 (2022 annual dividend), respectively.

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Final dividend of RMB13.0 (2023: RMB12.5) per 10 ordinary shares (tax inclusive)	3,392,667	3,262,179

On 18 March 2025, the board of directors of the the Company proposed to distribute a dividend of RMB4,697,538,000 at a retained earnings of RMB18 per 10 shares (tax inclusive) as at 31 December 2024. If the total share capital of the Company changes before the equity registration date for the implementation of the equity distribution, the Company intends to maintain the distribution ratio per share unchanged and adjust the total distribution accordingly. The plan still needs to be submitted to the Company's shareholders meeting for deliberation. This proposed dividend appropriation was not recognised in the financial statement as a liability.

15 PROPERTY, PLANT AND EQUIPMENT

	Buildings and freehold land RMB'000	Machinery and equipment RMB'000	Electronic and other equipment RMB'000	Vehicles and others RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2024						
Opening net book amount	5,127,104	7,826,520	1,981,310	641,872	4,766,145	20,342,951
Currency translation difference	(315)	4,181	(206)	1,743	22,828	28,231
Transfer	295,544	2,060,769	670,150	9,222	(3,035,685)	-
Other additions	28,398	175,298	485,825	520,622	4,760,401	5,970,544
Disposals (note 32(b))	(19,493)	(79,001)	(28,698)	(25,753)	-	(152,945)
Depreciation (note 8)	(333,610)	(1,196,684)	(579,776)	(359,315)	-	(2,469,385)
Impairment losses (note 8)	(3,550)	(6,278)	(1,970)	-	(4,018)	(15,816)
Closing net book amount	5,094,078	8,784,805	2,526,635	788,391	6,509,671	23,703,580
At 31 December 2024						
Cost	8,685,867	17,976,236	5,736,082	2,908,144	6,539,663	41,845,992
Accumulated depreciation	(3,539,623)	(9,087,728)	(3,182,784)	(2,119,753)	-	(17,929,888)
Impairment	(52,166)	(103,703)	(26,663)	-	(29,992)	(212,524)
Net book amount	5,094,078	8,784,805	2,526,635	788,391	6,509,671	23,703,580



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings and freehold land RMB'000	Machinery and equipment RMB'000	Electronic and other equipment RMB'000	Vehicles and others RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2023						
Opening net book amount	5,183,611	7,512,175	1,745,238	562,066	3,133,499	18,136,589
Currency translation difference	14,159	46,344	7,849	1,458	22,028	91,838
Transfer	312,652	1,361,548	411,863	4,159	(2,090,222)	-
Other additions	76,575	159,277	344,726	408,996	3,732,676	4,722,250
Disposals (note 32(b))	(7,987)	(111,648)	(49,328)	(14,707)	-	(183,670)
Depreciation (note 8)	(424,694)	(1,090,824)	(469,994)	(320,100)	-	(2,305,612)
Impairment losses (note 8)	(27,212)	(50,352)	(9,044)	-	(31,836)	(118,444)
	<u>5,127,104</u>	<u>7,826,520</u>	<u>1,981,310</u>	<u>641,872</u>	<u>4,766,145</u>	<u>20,342,951</u>
At 31 December 2023						
Cost	8,433,877	16,155,765	4,712,223	2,527,742	4,809,986	36,639,593
Accumulated depreciation	(3,255,916)	(8,230,882)	(2,713,690)	(1,885,870)	-	(16,086,358)
Impairment	(50,857)	(98,363)	(17,223)	-	(43,841)	(210,284)
	<u>5,127,104</u>	<u>7,826,520</u>	<u>1,981,310</u>	<u>641,872</u>	<u>4,766,145</u>	<u>20,342,951</u>

Notes:

- (a) As at 31 December 2024, the Group has no property, plant and equipment still in the process of applying for the ownership certificates (31 December 2023: Nil).
- (b) During the year, the Group has capitalised borrowing costs of RMB47,827,000 (2023: RMB33,287,000) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of 2.09% (2023: 2.17%).
- (c) As at 31 December 2024, the Group's land and buildings with the carrying amount RMB18,351,000 (31 December 2023: RMB18,668,000) were pledged as security for bank credit of HKD30,000,000 (31 December 2023: HKD30,000,000).



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes: (Continued)

- (d) In 2024, after determining the recoverable amount of property, plant and equipment by adopting the amount of the value-in-use calculated based on the present value of expected future cash flows, a subsidiary of the Group, FYSAM Auto Decorative GmbH further recorded an impairment related to property, plant and equipment with the amount of RMB15,816,000 during the year (2023: RMB118,444,000).

The Group determines the revenue growth rate and gross profit margin based on historical experience and forecasts of market development. The growth rate during the forecast period is based on the approved five-year budget. The revenue growth rate in the stable period is not applicable. The discount rate is a pre-tax discount rate that reflects the specific risks of the relevant assets. The key assumptions adopted by the Group are as follows:

Forecast period	5 years
Revenue growth rate	-3%-34%
Gross profit margin	10%-22%
Pre-tax discount rates	12%

- (e) As at 31 December 2024, the original value and accumulated depreciation of the buildings held for lease under operating leases were RMB65,147,000 and RMB22,580,000, respectively (31 December 2023: RMB108,554,000 and RMB39,981,000, respectively).

16 LEASES

- (a) Amounts recognised in the consolidated statement of financial position

The balance sheet shows the following amounts relating to leases:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Right-of-use assets		
Buildings	421,339	522,086
Equipment	16,027	18,014
Vehicles	30,250	29,186
Others	64,511	59,163
	532,127	628,449
Lease liabilities		
Current	99,456	118,807
Non-current	343,739	407,132
	443,195	525,939

Notes:

- (i) Additions to the right-of-use assets during the year ended 31 December 2024 were RMB94,257,000 (2023: RMB215,287,000).

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

16 LEASES (Continued)

(a) Amounts recognised in the consolidated statement of financial position (Continued)

Notes: (Continued)

- (ii) FYSAM Auto Decorative GmbH, a subsidiary of the Group, recognised an impairment losses of RMB3,346,000 related to the right-of-use assets for the year 2024 (for the year 2023: RMB28,590,000).

(b) Amounts recognised in the consolidated statement of profit or loss

The consolidated statement of profit or loss shows the following amounts relating to leases:

		As at 31 December	
		2024	2023
		RMB'000	RMB'000
	<i>Notes</i>		
Depreciation charge of right-of-use assets	8		
Buildings		129,804	111,111
Equipment		1,986	3,305
Vehicles		18,607	12,336
Others		17,829	14,644
		168,226	141,396
Interest expense (included in finance cost)	11	12,731	15,266
Expense relating to short-term leases (included in cost of sales, selling expenses and administrative expenses)	8	70,424	56,739
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in cost of sales, selling expenses and administrative expenses)	8	2,473	5,923

The total cash outflows for leases during the year ended 31 December 2024 was RMB251,487,000 (2023: RMB361,717,000).

(c) The Group's leasing activities and how these are accounted for

The Group leases various buildings, equipment and vehicles. Rental contracts are typically made for fixed periods of 2 years to 15 years, but may have extension options as described in (d) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

16 LEASES (Continued)

(d) Extension and termination options

Extension and termination options are included in part of buildings and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable both by the Group and the respective lessor.

(e) In addition to the right-of-use assets listed above, the land use arrangements with Mainland China government are set out in note 17.

17 LAND USE RIGHTS

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

		As at 31 December	
	<i>Note</i>	2024 RMB'000	2023 RMB'000
Opening net book value		993,827	997,751
Currency translation difference		324	214
Additions		234,797	34,654
Disposals		–	(12,655)
Amortisation charges	8	(28,803)	(26,137)
Closing net book value		1,200,145	993,827
Amortisation of land use rights (included in cost of sales, selling expenses and administrative expenses)	8	28,803	26,137
Cash outflow for addition of land use rights		234,797	34,654

(a) As at 31 December 2024, the Group's land and buildings with the carrying amount RMB18,351,000 (31 December 2023: RMB18,668,000) were pledged as security for bank credit of HKD30,000,000 (31 December 2023: HKD30,000,000).

(b) As at 31 December 2024, there were no land use rights lacking ownership certificates (31 December 2023: RMB16,296,000).

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

18 INTANGIBLE ASSETS

	Goodwill RMB'000	Patents RMB'000	License fee RMB'000	Computer software RMB'000	Mining rights RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2024							
Opening net book amount	154,941	735	13,783	58,366	100,439	88,080	416,344
Currency translation difference	-	71	167	(68)	-	-	170
Additions	-	7,221	-	47,027	-	87,515	141,763
Disposals	(1,233)	-	-	-	-	(2)	(1,235)
Amortisation (note 8)	-	(314)	(3,576)	(39,639)	(9,103)	(9,040)	(61,672)
Closing net book amount	<u>153,708</u>	<u>7,713</u>	<u>10,374</u>	<u>65,686</u>	<u>91,336</u>	<u>166,553</u>	<u>495,370</u>
At 31 December 2024							
Cost	153,708	41,463	72,639	324,835	147,983	203,425	944,053
Accumulated amortisation	-	(33,750)	(62,265)	(259,149)	(56,647)	(36,872)	(448,683)
Net book amount	<u>153,708</u>	<u>7,713</u>	<u>10,374</u>	<u>65,686</u>	<u>91,336</u>	<u>166,553</u>	<u>495,370</u>
Year ended 31 December 2023							
Opening net book amount	154,941	854	17,055	52,729	108,001	6,863	340,443
Currency translation difference	-	-	273	210	-	-	483
Additions	-	225	-	34,299	-	90,830	125,354
Disposals	-	-	-	(64)	-	-	(64)
Amortisation (note 8)	-	(344)	(3,545)	(28,808)	(7,562)	(9,613)	(49,872)
Closing net book amount	<u>154,941</u>	<u>735</u>	<u>13,783</u>	<u>58,366</u>	<u>100,439</u>	<u>88,080</u>	<u>416,344</u>
At 31 December 2023							
Cost	154,941	34,170	72,005	278,237	147,983	115,912	803,248
Accumulated amortisation	-	(33,435)	(58,222)	(219,871)	(47,544)	(27,832)	(386,904)
Net book amount	<u>154,941</u>	<u>735</u>	<u>13,783</u>	<u>58,366</u>	<u>100,439</u>	<u>88,080</u>	<u>416,344</u>

During the year, the Group had research and development cost amounting to RMB1,677,751,000 which was all expensed (2023: RMB1,403,030,000).



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

18 INTANGIBLE ASSETS (Continued)

(a) Impairment tests for goodwill

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

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Fuyao (Xiamen) Precision Corp. (廈門精密) (i)	74,942	74,942
Fujian Wanda Automobile Glass Industry Co., Ltd. (福清汽車玻璃) (ii)	62,744	62,744
Hainan Wenchang Fuyao Silica Sand Co., Ltd. (海南文昌福耀硅砂有限公司) (iii)	11,934	11,934
Fujian Triplex Group Holdings Co., Ltd. (福建三鋒控股集團有限公司)	4,087	4,087
Jiangsu Fuyao Automotive Trim System Co., Ltd. (江蘇福耀汽車飾件有限公司)*	—	1,234
	153,707	154,941

* In 2024, Jiangsu Fuyao Automotive Trim System Co., Ltd. was deregistered and the corresponding goodwill was derecognised.

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

(i) Fuyao (Xiamen) Precision Corp.

	Year ended 31 December	
	2024	2023
Gross profit margin	18%-20%	17%-20%
Discount rate	15%	15%
Budgeted growth rate	2%-10%	11%-14%
Long-term growth rate	2%	2%



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

18 INTANGIBLE ASSETS (Continued)

(a) Impairment tests for goodwill (Continued)

(ii) Fujian Wanda Automobile Glass Industry Co., Ltd.

	Year ended 31 December	
	2024	2023
Gross profit margin	37%	38%
Discount rate	15%	15%
Budgeted growth rate	3%	3%
Long-term growth rate	2%	2%

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

	Year ended 31 December	
	2024	2023
Gross profit margin	27%	39%
Discount rate	17%	17%
Budgeted growth rate	5%	5%
Long-term growth rate	2%	2%

As at 31 December 2024 and 2023, management performed the value-to-use calculation and no impairment is identified.

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Gross profit margin	Based on historical experience and market development expectations.
Discount rate	Reflects the specific risk of the relevant asset group.
Budgeted growth rate	Based on historical experience and market development expectations.
Long-term growth rate	The basis used to determine the value assigned to the long-term growth rate is the forecast price indices over the budget year from where the main business are located.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

18 INTANGIBLE ASSETS (Continued)

(a) Impairment tests for goodwill (Continued)

As at 31 December 2024, the recoverable amount of each CGUs, including Fuyao (Xiamen) Precision Corp., Fujian Wanda Automobile Glass Industry Co., Ltd. and Hainan Wenchang Fuyao Silica Sand Co., Ltd., were RMB290,239,000 (2023: RMB219,486,000), RMB7,480,776,000 (2023: RMB5,313,857,000) and RMB354,849,000 (2023: RMB605,308,000), respectively.

According to the sensitivity analysis of the key assumptions on which the management of the Group has based to undertake impairment testing of goodwill, the management of the Group believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Share of net assets, unlisted		
– Joint ventures	421,356	49,880
– Associates	15,834	127,353
– Embedded goodwill	4,305	4,305
	441,495	181,538
Joint ventures and associates		
Beginning of the year	181,538	250,040
– Additions	275,759	20,000
– Disposals	–	(65,000)
– Impairment losses	–	(29,146)
– Unrealised profit or loss	–	(5,154)
– Share of results	(15,802)	10,798
	441,495	181,538
End of the year		

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(a) Joint ventures

(i) The Group's investments in joint ventures during the year, which is unlisted, is set out as follows:

Company name	Country/place and date of incorporation	% of ownership interest	Equity interests attributable to the Group as at 31 December		Principle activities
			2024	2023	
			RMB'000	RMB'000	
Tri-Wall Packaging (Fuzhou) Co., Ltd. (特耐王包装(福州)有限公司)	Fuzhou, the PRC, 2005	49.00%	58,529	49,880	Production and processing of paper articles and printed matter, especially corrugated paper
Fuyao Group Beijing Futong Safety Glass Co., Ltd. (福耀集團北京福通安全玻璃有限公司) (note)	Beijing, the PRC, 2003	49.00%	362,827	-	Holding of the land and plant

Note:

The Group transferred 75% equity interest in Fuyao Group Beijing Futong Safety Glass Co., Ltd. ("Beijing Futong") to a third party, Taiyuan Jinnuo Industrial Co., Ltd. ("Taiyuan Jinnuo") in 2018 and accounted for the remaining 25% equity interest in Beijing Futong as an investment in an associate. The total consideration was RMB1,004 million, of which RMB683 million equivalent to the price of 51% equity interest in Beijing Futong was received in 2018 and the remaining RMB321 million equivalent to the price of 24% equity interest in Beijing Futong was agreed to settled by 30 June 2024.

During the year 2024, the Group received from Taiyuan Jinnuo a letter of discussion for withdrawal from acquisition of the remaining 24% equity interest in Beijing Futong which indicated that Taiyuan Jinnuo was unable to settle the above remaining consideration of RMB321 million and requested to of go the transfer and sought a waiver of relevant interests which were calculated based on the consideration amount and the agreed interest rate. The Group agreed to terminate the transfer and waive the relevant interests and retained the 24% equity interest in Beijing Futong. As a result, total equity interest in Beijing Futong attributable to the Group has increased from 25% to 49%.

Pursuant to the agreement with Taiyuan Jinnuo in respect of the termination of 24% equity transfer in Beijing Futong on 25 April 2024, all resolution at the shareholders' meeting of Beijing Futong would require the unanimous approval of all shareholders. In this regard, Beijing Futong became a joint venture of the Group since then and was accounted for as an investment in a joint venture using equity method.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(a) Joint ventures (Continued)

- (ii) The following table illustrates the summarised financial information in respect of the Group's joint ventures adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	Assets RMB'000	Liabilities RMB'000	Revenues RMB'000	Profit/ (loss) RMB'000	Net assets RMB'000	Proportion of the Group's ownership %	Carrying amount of the investment RMB'000
Year ended 31 December 2024							
Tri-Wall Packaging (Fuzhou) Co., Ltd.	157,559	38,106	246,231	17,650	119,453	49%	58,529
Fuyao Group Beijing Futong Safety Glass Co., Ltd.	751,478	11,015	5,669	(52,545)	740,463	49%	362,827
	<u>909,037</u>	<u>49,121</u>	<u>251,900</u>	<u>(34,895)</u>	<u>859,916</u>		<u>421,356</u>
Year ended 31 December 2023							
Tri-Wall Packaging (Fuzhou) Co., Ltd.	132,955	31,152	207,093	10,849	101,803	49%	49,880

(b) Associate

- (i) The Group's investment in an associate during the year, which is unlisted, is set out as follows:

Company name	Country/place and date of incorporation	% of ownership interest	Attributable equity interests to the Group as at 31 December		Principle activities
			2024 RMB'000	2023 RMB'000	
Advanced Glass Materials Innovation Center (Anhui) Co., Ltd. (玻璃新材料创新中心(安徽)有限公司)*	Hefei, the PRC, 2020	11.24%	20,139	20,061	Research and development, Production and sales of automotive glass and automotive parts

* It is an associate of the Group because the Group can exercise significant influence by appointing a director in the board of the entity.

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(b) Associate (Continued)

- (ii) The following table illustrates the summarised financial information in respect of the Group's associates adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	Assets RMB'000	Liabilities RMB'000	Revenues RMB'000	Profit/ (loss) RMB'000	Net assets RMB'000	Proportion of the Group's ownership %	Group's share of net assets of the associates, excluding goodwill RMB'000	Embedded goodwill RMB'000	Carrying amount of the investment RMB'000
Year ended 31 December 2024									
Advanced Glass Materials Innovation Center (Anhui) Co., Ltd.	<u>424,192</u>	<u>283,317</u>	<u>25,464</u>	<u>684</u>	<u>140,875</u>	<u>11.24%</u>	<u>15,834</u>	<u>4,305</u>	<u>20,139</u>
Year ended 31 December 2023									
Advanced Glass Materials Innovation Center (Anhui) Co., Ltd.	329,218	189,044	17,886	497	140,174	11.24%	15,756	4,305	20,061
Fuyao Group Beijing Futong Safety Glass Co., Ltd.	<u>468,733</u>	<u>22,343</u>	<u>32,900</u>	<u>12,849</u>	<u>446,390</u>	<u>25%</u>	<u>111,597</u>	<u>-</u>	<u>111,597</u>
	<u>797,951</u>	<u>211,387</u>	<u>50,786</u>	<u>13,346</u>	<u>586,564</u>		<u>127,353</u>	<u>4,305</u>	<u>131,658</u>

The Group performed an impairment assessment on the investment in associates and joint ventures and concluded that no impairment was required.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

20 DEFERRED TAX ASSETS AND LIABILITIES

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Deferred tax assets	1,126,633	1,067,530
Offset against deferred tax liabilities	(751,567)	(646,492)
Net deferred tax assets	<u>375,066</u>	<u>421,038</u>
Deferred tax liabilities	1,456,338	1,058,137
Offset against deferred tax assets	(751,567)	(646,492)
Net deferred tax liabilities	<u>704,771</u>	<u>411,645</u>

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

Deferred tax assets	Tax losses carried forward ^(a) RMB'000	Impairment provision ^(b) RMB'000	Accruals RMB'000	Unrealised profit ^(c) RMB'000	Government grants ^(b) RMB'000	Others ^(b) RMB'000	Total RMB'000
At 1 January 2023	314,575	8,002	95,212	323,818	103,839	244,881	1,090,327
Recognised in the consolidated statement of profit or loss	(244,627)	3,915	20,974	74,717	10,565	102,877	(31,579)
Impact in exchange rate change	2,945	9	1,603	209	35	3,981	8,782
At 31 December 2023 and 1 January 2024	72,893	11,926	117,789	398,744	114,439	351,739	1,067,530
Recognised in the consolidated statement of profit or loss	(45,101)	4,584	(285)	99,762	14,591	(20,332)	53,219
Impact in exchange rate change	564	8	1,365	389	16	3,542	5,884
At 31 December 2024	<u>28,356</u>	<u>16,518</u>	<u>118,869</u>	<u>498,895</u>	<u>129,046</u>	<u>334,949</u>	<u>1,126,633</u>

Notes:

Deferred tax assets are recognised for tax losses carried forward and temporary differences to the extent that realisation of related tax benefits through future taxable profits is probable.

- (a) As at 31 December 2024, the Group did not recognise deferred tax assets of RMB642,169,000 (2023: RMB628,358,000) in respect of the accumulated losses of RMB2,439,483,000 (2023: RMB2,392,288,000). Tax losses amounting to RMB271,725,000 will be expired from the year of 2025 to year 2029 (2023: RMB211,736,000 will be expired from the year of 2024 to year 2028), loss amounting to RMB2,167,758,000 will be continued to be deducted after the year of 2029 (2023: RMB2,180,552,000 will be continued to be deducted after the year of 2028).

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

20 DEFERRED TAX ASSETS AND LIABILITIES (Continued)

- (b) As at 31 December 2024, the Group did not recognise deferred tax assets of RMB119,220,000 (2023: RMB97,487,000) in respect of the temporary differences from impairment losses, government grants and provision for onerous contracts of RMB420,564,000 (2023: RMB345,735,000).
- (c) Unrealised profit mainly attributed to the unrealised profit from intra-Group sales, and unrealised revenue from tooling sales and overseas transit warehouse. Deferred tax assets for the unrealised profit from intra-Group sales amounted to RMB270,710,000 (2023: RMB230,290,000), and deferred tax assets for the unrealised revenue from tooling sales and overseas transit warehouse amounted to RMB228,185,000 (2023: RMB168,454,000).

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

Deferred tax liabilities	Withholding taxation on unremitted earnings of certain subsidiaries <i>RMB'000</i>	Depreciation of property, plant and equipment <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	127,383	606,609	149,688	883,680
Recognised in the consolidated statement of profit or loss	143,504	18,328	472	162,304
Recognised in the consolidated comprehensive income	–	–	3,371	3,371
Impact in exchange rate change	–	8,625	157	8,782
At 31 December 2023 and 1 January 2024	270,887	633,562	153,688	1,058,137
Recognised in the consolidated statement of profit or loss	159,635	281,617	(50,236)	391,016
Recognised in the consolidated comprehensive income	–	–	(2,092)	(2,092)
Impact in exchange rate change	–	8,788	489	9,277
At 31 December 2024	430,522	923,967	101,849	1,456,338

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

21 INVENTORIES

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Raw materials	1,941,359	1,800,665
Work in process	443,001	394,486
Finished goods	3,582,146	2,935,822
Low value consumables	25,702	27,896
Costs of fulfilling contracts	143,665	80,780
	6,135,873	5,239,649
Less: write-down to net realisable value	(165,259)	(96,034)
	5,970,614	5,143,615

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

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
At beginning of the year	96,034	79,012
Write-down to net realisable value (note 8)	88,927	29,135
Impact in exchange rate change	(3,780)	2,485
Write-off of inventory provision	(15,922)	(14,598)
	165,259	96,034



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

22 RECEIVABLES, PREPAYMENTS AND OTHER CURRENT ASSETS

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Trade receivables due from third parties^(a):		
Notes receivables	813,565	368,529
Accounts receivables	8,190,670	7,160,224
Less: loss allowance	(34,771)	(32,744)
Trade receivables – net	8,969,464	7,496,009
Other receivables due from third parties^(b):		
Other receivables	143,259	472,088
Less: loss allowance	–	(4,984)
Other receivables – net	143,259	467,104
Amounts due from related parties:		
Other receivables (note 35(c) (i))	2,009	12,233
Others:		
Prepayments to suppliers	305,455	316,530
Prepaid income tax and value-added tax recoverable and refundable	328,674	290,939
	634,129	607,469
Receivables, prepayments and other current assets	9,748,861	8,582,815
Less: non-current portion of amount due from the third parties (note)	(30,105)	(28,891)
Receivables, prepayments and other current assets – net	9,718,756	8,553,924

Note: Fuyao (Hong Kong) Limited, a wholly-owned subsidiary of the Company, disposed of its equity interest in an associate, Jinken Glass Industry Shuangliao Co., Ltd., in 2023. According to the equity transfer agreement, the first instalment of the equity transfer payment was collected in 2023 with the remaining consideration of RMB35,000,000 (present value of RMB30,105,000 as at 31 December 2024) will be recovered during the following four years.

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

22 RECEIVABLES, PREPAYMENTS AND OTHER CURRENT ASSETS (Continued)

As at 31 December 2024 and 2023, the carrying amounts of trade receivables, notes receivables and other receivables are denominated in the following currencies:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
RMB	6,157,009	5,105,710
USD	1,967,097	1,807,938
EUR	954,643	784,855
Others	70,754	314,571
	9,149,503	8,013,074

(a) Trade receivables due from third parties

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

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Trade receivables – gross		
Within 3 months	8,407,538	7,119,077
3 to 6 months	530,822	328,001
6 to 12 months	41,147	58,136
Over 1 year	24,728	23,539
	9,004,235	7,528,753

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

22 RECEIVABLES, PREPAYMENTS AND OTHER CURRENT ASSETS (Continued)

(b) Details of other receivables are as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Consideration receivable from disposal of subsidiaries or associates	30,105	350,291
Payments on behalf of others	12,594	19,147
Receivables from disposal of assets	13,716	44,318
Deposits and guarantees	22,528	9,859
Others	64,316	48,473
	143,259	472,088

(c) As at 31 December 2024 and 2023, the fair value of trade and other receivables of the Group, except for the prepayments to suppliers, prepaid current tax and value-added tax recoverable and refundable, which are not financial assets, approximated to their carrying amounts, due to the short-term nature of the current receivables.

(d) Impairment and risk

The Group applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Other receivables are subject to the expected credit loss model and have been grouped based on shared credit risk characteristics.

Note 39.1 provides for details about the calculation of the allowance.

(e) As at 31 December 2024, certain of the Group's notes receivable with a net carrying amount of approximately RMB43,568,000 (2023: Nil) were pledged to secure notes payable issued by the Group.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

23 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND HELD-TO-MATURITY TERM DEPOSITS WITH ORIGINAL MATURITY OF MORE THAN THREE MONTHS

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Cash at bank and on hand	18,784,564	18,518,173
Less: restricted cash ^(b)	(50,790)	(36,117)
Less: held-to-maturity term deposits with original maturity of more than three months ^(c)	—	(5,130,806)
Cash and cash equivalents ^(a)	18,733,774	13,351,250

(a) Cash and cash equivalents are denominated in:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
RMB	3,861,688	6,159,001
USD	13,763,421	6,566,522
EUR	1,019,978	561,413
HKD	897	859
JPY	52,738	29,991
KRW	11,452	2,132
RBL	22,834	25,003
Others	766	6,329
	18,733,774	13,351,250

(b) Details of restricted cash are as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Deposits held for :		
Guarantee to letter of credit	48,724	34,119
Civil air defense projects etc.	2,066	1,998
	50,790	36,117



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

23 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND HELD-TO-MATURITY TERM DEPOSITS WITH ORIGINAL MATURITY OF MORE THAN THREE MONTHS

(b) Details of restricted cash are as follows (Continued):

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Restricted cash is denominated in:		
EUR	47,823	34,094
RMB	1,978	1,978
USD	927	25
RBL	62	20
	<u>50,790</u>	<u>36,117</u>

(c) Held-to-maturity term deposits with original maturity of more than three months are denominated in:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
USD	<u>—</u>	<u>5,130,806</u>

24 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Financial assets at fair value through profit or loss		
Current assets		
– Listed equity instrument investment – held for trading ^(a)	<u>7,683</u>	<u>5,741</u>
Financial assets at fair value through other comprehensive income		
Non-current assets		
– Unlisted equity securities ^(b)	<u>82,683</u>	<u>91,054</u>
Current assets		
– Note receivables ^(c)	<u>1,921,466</u>	<u>1,314,918</u>

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

24 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

- (a) The held-for-trading equity instrument investment was acquired through the distribution of debt restructuring from a customer. As at 31 December 2024 and 2023, the fair value of the held-for-trading equity instrument investment was determined based on the closing price of Shanghai or Shenzhen Stock Exchange on the last trading day of the year.

During the year ended 31 December 2024, the fair value gains on equity investments at FVPL recognised in "other (expenses)/gains-net" was RMB1,942,000 (2023: a loss of RMB1,655,000).

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

In 2024, fair value losses on equity investments at FVOCI recognised in other comprehensive income was RMB8,371,000 (2023: income 13,487,000).

- (c) In 2024 and 2023, the Group discounted and endorsed part of its bank acceptance notes and derecognised such note receivables according to its daily fund management needs. Therefore, the Group classified and presented these derecognised bank acceptance notes as financial asset at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cashflows and selling.

As at 31 December 2024, the amount of pledged bank acceptance notes receivable of financial asset at fair value through other comprehensive income presented by the Group was RMB795,546,000 (2023: RMB266,062,000)

25 TRADE AND OTHER PAYABLES

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Notes payables	2,993,752	2,825,387
Trade payables to third parties	2,778,394	2,667,000
Staff salaries and welfare payables	972,229	816,373
Payables for purchasing of property, plant and equipment	651,907	401,002
Payables for freight fee	286,858	142,812
Amount due to related parties (note 35(c))	71,539	83,410
Accrued taxes other than income tax	73,041	56,809
Payables for volume rebates	431,776	342,388
Other payables and accruals	815,004	683,237
	9,074,500	8,018,418

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

25 TRADE AND OTHER PAYABLES (Continued)

Notes:

- (a) As at 31 December 2024 and 2023, all trade and other payables of the Group were non-interest bearing and normally settled on terms of 30 to 90 days, and their fair value, except for staff salaries and welfare payables and accrued taxes other than income tax which are not financial liabilities, approximate to their carrying amounts due to short maturities.
- (b) The Group's trade payables, notes payables and other payables, except for staff salaries and welfare payables, and accrued taxes other than income tax, are denominated in the following currencies:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
RMB	6,748,997	5,758,753
USD	996,970	881,995
EUR	212,491	186,308
KRW	51,726	293,490
RBL	7,624	15,475
Others	11,422	9,215
	8,029,230	7,145,236

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

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Within 3 months	4,544,558	4,331,315
3 to 6 months	1,204,147	1,140,546
6 to 12 months	9,304	9,972
Over 1 year	14,137	10,554
	5,772,146	5,492,387



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

26 CONTRACT LIABILITIES

The Group has recognised the following liabilities related to contracts with customers:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Contract liabilities – Automotive glasses sales contracts	807,312	979,067

27 BORROWINGS

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Non-current:		
Bank borrowings – unsecured	9,958,086	8,591,210
Less: current portion of non-current borrowings	(2,745,166)	(78,110)
	7,212,920	8,513,100
Current:		
Bank borrowings – unsecured	4,578,584	5,413,589
Endorsed or discounted unmatured notes (note 36(a))	150,769	–
Add: current portion of non-current borrowings	2,745,166	78,110
	7,474,519	5,491,699
Total borrowings	14,687,439	14,004,799

Notes:

- (a) In 2024, the Company issued a super short-term commercial paper in National Association of Financial Market Institutional Investors in the PRC (中國銀行間市場交易商協會). The super short-term commercial paper was fully repaid during the year, with detail is as follows:

	Issuance date	Maturity	Interest rate	Principal amount (RMB'000)
Note-24 Fuyao Glass SCP001	14 May 2024	173 days	1.94%	300,000

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

27 BORROWINGS (Continued)

Notes: (continued)

(b) The borrowings are denominated in the following currencies:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
RMB	14,687,439	14,004,799

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

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Within 1 year	7,329,184	5,485,936
Over 1 year	7,358,255	8,518,863
	14,687,439	14,004,799

(d) The maturity of borrowings is as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Within 1 year	7,474,519	5,491,699
Between 1 and 2 years	5,888,100	2,927,400
Between 2 and 5 years	1,324,820	5,585,700
	14,687,439	14,004,799



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

27 BORROWINGS (Continued)

Notes: (continued)

- (e) The weighted average effective interest rates per annum for the year ended 31 December 2024 were as follows:

	As at 31 December	
	2024	2023
Borrowings: RMB	2.09%	2.18%

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

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

	As at 31 December			
	2024 RMB'000		2023 RMB'000	
	Carrying amount	Fair value	Carrying amount	Fair value
Bank borrowings	7,212,920	7,135,841	8,513,100	8,328,602

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

- (g) The Group has complied with the financial covenants of its borrowings during the years ended 31 December 2024 and 2023.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

28 OTHER NON-CURRENT LIABILITIES

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Contract liabilities (a)	410,556	–
Long-term payables (b)	53,855	59,287
Provision (c)	34,487	–
Total	498,898	59,287

Notes:

- (a) Contract liabilities represent payments received in advance during the reporting period with obligations that are expected to be fulfilled after one year.
- (b) Details of long-term payables are as follows

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Payables for proceeds from transfer of mining rights	59,287	64,473
Less: Current portion of long-term payables	(5,432)	(5,186)
	53,855	59,287

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 required to levy transfer proceeds on annual instalments until 2034. The Group received the payment notice and paid RMB8,026,000 in 2024 (2023: RMB8,026,000).

- (c) Details of provision are as follows

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
At beginning of the year	–	–
Provision for onerous contracts	34,487	–
At end of the year	34,487	–

During the year, FYSAM Auto Decorative GmbH, a subsidiary of the Group, evaluated its certain contracts with customers with the unavoidable costs of meeting the obligation under those contracts exceeding the relevant economic benefits to be received therefrom and, therefore, recognised a provision for those onerous contracts (2023: Nil).

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

29 DEFERRED INCOME

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
At beginning of the year		
Government grants received during the year	725,122	671,050
Credited to the consolidated profit or loss (note 6)	189,991	144,840
Currency translation difference	(95,825)	(90,918)
	64	150
At end of the year	819,352	725,122

Government grants received during the year from certain municipal governments of the PRC as an incentive related to purchase of property, plant equipment and land use rights.

30 SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Number of A shares Thousands	Number of H shares Thousands	As at 31 December		Total share capital RMB'000
			A shares of RMB1 each RMB'000	H shares of RMB1 each RMB'000	
At 1 January 2024 and 31 December 2024	2,002,986	606,758	2,002,986	606,758	2,609,744
At 1 January 2023 and 31 December 2023	2,002,986	606,758	2,002,986	606,758	2,609,744



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

31 SHARE PREMIUM, RETAINED EARNINGS AND OTHER RESERVES

	Other reserves						Total RMB'000
	Share premium RMB'000	Retained earnings RMB'000	Statutory reserves RMB'000	Currency translation differences RMB'000	Financial assets at FVOCI RMB'000	Capital reserve RMB'000	
Balance at 1 January 2024	9,680,392	15,017,220	3,931,592	160,632	16,300	20,359	4,128,883
Appropriate to statutory reserves (note)	-	(486,476)	486,476	-	-	-	486,476
Profit for the year	-	7,497,392	-	-	-	-	-
Dividends	-	(3,392,667)	-	-	-	-	-
Currency translation differences	-	-	-	169,154	-	-	169,154
Changes in fair value	-	-	-	-	(6,279)	-	(6,279)
At 31 December 2024	9,680,392	18,635,469	4,418,068	329,786	10,021	20,359	4,778,234
Balance at 1 January 2023	9,680,392	13,000,422	3,581,885	114,652	6,184	20,359	3,723,080
Appropriate to statutory reserves (note)	-	(349,707)	349,707	-	-	-	349,707
Profit for the year	-	5,628,684	-	-	-	-	-
Dividends	-	(3,262,179)	-	-	-	-	-
Currency translation differences	-	-	-	45,980	-	-	45,980
Changes in fair value	-	-	-	-	10,116	-	10,116
At 31 December 2023	9,680,392	15,017,220	3,931,592	160,632	16,300	20,359	4,128,883

Note:

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



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

32 CASH GENERATED FROM OPERATIONS

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

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Profit for the year before income tax	8,990,236	6,715,450
Adjustments for:		
Depreciation of property, plant and equipment (note 15)	2,469,385	2,305,612
Depreciation of right-of-use assets (note 16(b))	168,226	141,396
Amortisation of land use rights (note 17)	28,803	26,137
Amortisation of intangible assets (note 18)	61,672	49,872
Losses on disposals of property, plant and equipment, right-of-use assets and intangible assets (note 7)	92,206	100,068
Impairment and other losses related to investments in associates (note 7)	43,641	35,654
Amortisation of deferred income on government grants (notes 6 and 29)	(95,825)	(90,918)
Interest income	(293,726)	(227,053)
Interest expenses (note 11)	288,507	288,320
Exchange gains on cash and cash equivalents	(122,781)	(218,084)
Share of results of joint ventures and associates	15,802	(10,798)
Loss allowance for trade and other receivables (note 39.1)	3,563	17,110
Inventory write-down to net realisable value (note 21)	88,927	29,135
Provision for onerous contracts (note 28(b))	34,487	–
Impairment losses on property, plant and equipment (note 15)	15,816	118,444
Impairment losses on right-of-use assets (note 16(a))	3,346	28,590
Change in fair value of financial assets (note 7)	(1,942)	1,655
	11,790,343	9,310,590
(Increase)/decrease in inventories	(915,925)	230,610
Increase in deferred income	189,991	144,840
Increase in receivables, prepayments and other current assets	(2,556,961)	(2,780,290)
Increase in trade and other payables	1,156,674	1,463,676
Cash generated from operations	9,664,122	8,369,426

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

32 CASH GENERATED FROM OPERATIONS (Continued)

- (b) In the consolidated statement of cash flows, proceeds from disposal of properties, plant and equipment, intangible assets, land-use-right and right-of-use assets comprise:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Net book amount	163,717	206,647
Decrease/(increase) in receivables from disposal of assets	30,602	(14,318)
Loss on disposal (<i>note 7</i>)	(92,206)	(100,068)
	<hr/>	<hr/>
Proceeds from disposal	102,113	92,261
	<hr/>	<hr/>

- (c) Net debt reconciliation

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Cash and cash equivalents	18,733,774	13,351,250
Financial assets at FVPL	7,683	5,741
Lease liabilities	(443,195)	(525,939)
Long-term payables	(59,287)	(64,473)
Borrowings – repayable within one year	(7,474,519)	(5,491,699)
Borrowings – repayable after one year	(7,212,920)	(8,513,100)
	<hr/>	<hr/>
Net debt	3,551,536	(1,238,220)
	<hr/>	<hr/>
Cash and cash equivalents	18,733,774	13,351,250
Financial assets at FVPL	7,683	5,741
Gross debt – fixed interest rates	(10,647,201)	(10,514,639)
Gross debt – variable interest rates	(4,542,720)	(4,080,572)
	<hr/>	<hr/>
Net debt	3,551,536	(1,238,220)
	<hr/>	<hr/>



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

32 CASH GENERATED FROM OPERATIONS (Continued)

(c) Net debt reconciliation (Continued)

	Other assets		Liabilities from financing activities				Total RMB'000
	Cash and cash equivalents RMB'000	Financial assets at fair value through profit or loss RMB'000	Borrowings due within one year RMB'000	Borrowings due after one year RMB'000	Lease liabilities RMB'000	Long-term payables RMB'000	
At 1 January 2023	12,237,862	7,396	(9,405,383)	(3,007,000)	(594,676)	(69,424)	(831,225)
Cash flows	895,304	-	3,843,581	(5,467,160)	299,290	8,026	(420,959)
Additions	-	-	-	-	(193,821)	-	(193,821)
Changes in fair values	-	(1,655)	-	-	-	-	(1,655)
Reclassification	-	-	(78,110)	78,110	-	-	-
Other changes	-	-	-	-	-	-	-
- Interest expense	-	-	(130,988)	(172,278)	(15,266)	(3,075)	(321,607)
- Interest payments	-	-	279,201	55,228	-	-	334,429
Foreign exchange adjustments	218,084	-	-	-	(21,466)	-	196,618
At 31 December 2023 and 1 January 2024	13,351,250	5,741	(5,491,699)	(8,513,100)	(525,939)	(64,473)	(1,238,220)
Cash flows	5,259,743	-	896,663	(1,438,720)	178,590	8,026	4,904,302
Additions	-	-	(140,769)	-	(94,257)	-	(235,026)
Changes in fair values	-	1,942	-	-	-	-	1,942
Reclassification	-	-	(2,745,166)	2,745,166	-	-	-
Other changes	-	-	6,452	(6,266)	(12,731)	(2,840)	(15,385)
- Interest expense	-	-	(102,257)	(218,506)	(12,731)	(2,840)	(336,334)
- Interest payments	-	-	108,709	212,240	-	-	320,949
Foreign exchange adjustments	122,781	-	-	-	11,142	-	133,923
At 31 December 2024	18,733,774	7,683	(7,474,519)	(7,212,920)	(443,195)	(59,287)	3,551,536

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

32 CASH GENERATED FROM OPERATIONS (Continued)

(d) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB94,257,000 (2023: RMB215,287,000) and RMB94,257,000 (2023: RMB215,287,000), respectively, in respect of lease arrangements for buildings, vehicles and equipments.

During the year, the Group endorsed notes receivables with a total amount of RMB2,376,342,000 (2023: RMB1,855,425,000) to its suppliers in order to settle the trade and other payables due to such suppliers.

33 CONTINGENCIES

Fuyao Glass America Inc. ("Fuyao America"), a wholly-owned subsidiary of the Company located in Moraine, Ohio, USA, received an on-site raid by the U. S. federal government agencies and local law enforcement support personnel (the "U. S. Government Agencies"). Fuyao America was primarily in cooperation with the U. S. Government Agencies' ongoing investigation against a third-party labor service company (the "Investigation"). As informed by the U. S. Government Agencies, Fuyao America is not the target of the Investigation.

34 COMMITMENTS

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Authorised and contracted for:		
– Property, plant and equipment	4,698,566	2,158,960



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

35 RELATED PARTY TRANSACTIONS

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the years ended 31 December 2024 and 2023, and balances arising from related party transactions as at 31 December 2024 and 2023.

(a) Name and relationship with related parties

Name of related party	Relationship
Mr. Cho Tak Wong (曹德旺)	Single largest shareholder
Fujian Yaohua Industrial Village Development Co., Ltd. (福建省耀華工業村開發有限公司)	Controlled by the single largest shareholder
Tri-Wall Packaging (Fuzhou) Co., Ltd. (特耐王包裝(福州)有限公司)	A joint venture of the Group
Jinken Glass Industry Shuangliao Co., Ltd.* (金壘玻璃工業雙遼有限公司)	Ceased being an associate of the Group in September 2023
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)	A joint venture of the Group
Fujian Triplex Auto Parts Development Co., Ltd. (福建三鋒汽配開發有限公司)	Controlled by a director of the Company
China National Automobile (Beijing) Intelligent Connected Vehicle Research Institute Co., Ltd. (“China National Automobile (Beijing)”) (國汽(北京)智慧網聯汽車研究院有限公司(“國汽智聯”))	A company being invested by the Company
Fujian Yidaodaka Commercial Management Co., Ltd. (福建易道大咖商業管理有限公司)	Controlled by a director of the Company

* Pursuant to relevant regulatory requirement governing disclosure of related party transactions, Jinken Glass Industry Shuangliao Co., Ltd. was still regarded as a related party of the Group in the following twelve months up to September 2024 after its cessation as an associate of the Group in September 2023. Therefore, the amount of related party transactions with Jinken Glass during the reporting period covered from January to September 2024, and the balance of transactions as of the end of the reporting period will no longer be presented.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

35 RELATED PARTY TRANSACTIONS (Continued)

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

(i) Sale of goods and provision of services

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Tri-Wall Packaging (Fuzhou) Co., Ltd.	5,319	4,552
Jinken Glass Industry Shuangliao Co., Ltd.	39	597
	5,358	5,149

(ii) Purchase of goods and services

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Jinken Glass Industry Shuangliao Co., Ltd.	232,533	151,501
Tri-Wall Packaging (Fuzhou) Co., Ltd.	128,854	85,921
Fuyao Group Beijing Futong Safety Glass Co., Ltd.	3,329	4,203
China National Automobile (Beijing)	377	364
Fujian Triplex Auto Parts Development Co., Ltd.*	330	200
	365,423	242,189

(iii) Rental income

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Jinken Glass Industry Shuangliao Co., Ltd.	162	216
Fujian Yidaodaka Commercial Management Co., Ltd.*	43	–
	205	216



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

35 RELATED PARTY TRANSACTIONS (Continued)

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

(iv) Addition in right-of-use assets as a lessee

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Fujian Yaohua Industrial Village Development Co., Ltd.*	–	143,153
Fujian Triplex Auto Parts Development Co., Ltd.*	5,532	–
	5,532	143,153

(v) Interest on lease liabilities as a lessee

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Global Cosmos German Co., Ltd.*	1,682	1,970
Fujian Yaohua Industrial Village Development Co., Ltd.*	–	1,202
Fujian Triplex Auto Parts Development Co., Ltd.*	684	843
	2,366	4,015

(vi) Key management compensation

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Salaries, wages and short-term employee benefits	34,094	31,230
Post-employment benefits	476	451
	34,570	31,681

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

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

35 RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

Amount due from related parties

(i) Other receivables:

	As at 31 December	
	2024	2023
	RMB'000	<i>RMB'000</i>
Fuyao Group Beijing Futong Safety Glass Co., Ltd.	–	10,251
Fujian Triplex Auto Parts Development Co., Ltd.	1,500	1,500
Tri-Wall Packaging (Fuzhou) Co., Ltd.	509	474
Jinken Glass Industry Shuangliao Co., Ltd.	–	8
	2,009	12,233

Amounts due to related parties

	As at 31 December	
	2024	2023
	RMB'000	<i>RMB'000</i>
Trade payables (ii)	17,210	30,600
Notes payables (iii)	13,738	12,320
Other payables (iv)	40,591	52,810
Lease liabilities (v)	125,108	185,056
	196,647	280,786



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

35 RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

(ii) Trade payables:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Jinken Glass Industry Shuangliao Co., Ltd.	–	21,168
Tri-Wall Packaging (Fuzhou) Co., Ltd.	17,210	9,432
	<u>17,210</u>	<u>30,600</u>

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

	As at 31 December	
	2024 RMB'000	2023 RMB'000
– Within 3 months	<u>17,210</u>	<u>30,600</u>

(iii) Notes payables:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Tri-Wall Packaging (Fuzhou) Co., Ltd.	<u>13,738</u>	<u>12,320</u>

(iv) Other payables to related parties:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Fuyao Group Beijing Futong Safety Glass Co., Ltd.	40,589	52,808
Fujian Triplex Auto Parts Development Co., Ltd.	2	2
	<u>40,591</u>	<u>52,810</u>



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

35 RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

(v) Lease liabilities to related parties:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Global Cosmos German Co., Ltd.	111,171	136,593
Fujian Yaohua Industrial Village Development Co., Ltd.	–	32,823
Fujian Triplex Auto Parts Development Co., Ltd.	13,937	15,640
	125,108	185,056

36 TRANSFERS OF FINANCIAL ASSETS

(a) Transferred financial assets that are not derecognised in their entirety

At 31 December 2024, the Group endorsed or discounted certain notes receivable accepted by banks in Mainland China (the “Endorsed or Discounted Bills”) with a carrying amount of RMB150,769,000 (2023: Nil) to certain of its suppliers or banks. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed or Discounted Bills, and accordingly, it continued to recognise the full carrying amounts. Subsequent to the endorsement or discount, the Group did not retain any rights on the use of the Endorsed or Discounted Bills, including the sale, transfer or pledge of the them to any other third parties.

(b) Transferred financial assets that are derecognised in their entirety

At 31 December 2024, the Group endorsed or discounted certain notes receivable accepted by banks in Mainland China (the “Derecognised Bills”) to certain of its suppliers or banks with a carrying amount in aggregate of RMB2,496,834,000 (2023: RMB2,067,407,000). The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the “Continuing Involvement”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks with high credit worthy. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the year ended 31 December 2024, the Group has recognised losses of RMB11,293,000 (2023:RMB9,803,000) on the date of transfer of the Derecognised Bills. The endorsement has been made evenly throughout the year.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

37 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

		As at 31 December	
Financial assets	Notes	2024 RMB'000	2023 RMB'000
Financial assets at amortised cost			
Trade and other receivables	22	9,084,627	7,946,455
Long-term receivables	22	30,105	28,891
Cash and cash equivalents	23	18,733,774	13,351,250
Held-to-maturity term deposits with original maturity of more than three months	23	–	5,130,806
Restricted cash	23	50,790	36,117
		27,899,296	26,493,519
Financial assets at FVOCI			
Unlisted equity securities	24	82,683	91,054
Notes receivable	24	1,921,466	1,314,918
		2,004,149	1,405,972
Financial assets at FVPL			
Listed equity instrument investment – held for trading	24	7,683	5,741
		29,911,128	27,905,232
		As at 31 December	
		2024	2023
		RMB'000	RMB'000
Financial liabilities			
Liabilities at amortised cost			
Trade and other payables	25	8,029,230	7,145,236
Borrowings	27	14,687,439	14,004,799
Lease liabilities	16	443,195	525,939
Long-term payables	28	59,287	64,473
		23,219,151	21,740,447

The Group's exposure to various risks associated with the financial instruments is discussed in note 39. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

38 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2024				
Financial assets				
Financial assets at FVPL				
– equity instrument investment held for trading (note 24)	7,683	–	–	7,683
Financial assets at FVOCI				
– notes receivable (note 24)	–	–	1,921,466	1,921,466
– unlisted equity securities (note 24)	–	–	82,683	82,683
	<u>7,683</u>	<u>–</u>	<u>2,004,149</u>	<u>2,011,832</u>
As at 31 December 2023				
Financial assets				
Financial assets at FVPL				
– equity instrument investment held for trading (note 24)	5,741	–	–	5,741
Financial assets at FVOCI				
– notes receivable (note 24)	–	–	1,314,918	1,314,918
– unlisted equity securities (note 24)	–	–	91,054	91,054
	<u>5,741</u>	<u>–</u>	<u>1,405,972</u>	<u>1,411,713</u>



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

38 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

(b) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended 31 December 2024 and 2023:

	Notes receivable at fair value through other comprehensive income <i>RMB'000</i>	Equity Instrument at fair value through other comprehensive income <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	1,314,918	91,054	1,405,972
Acquisitions	9,950,247	–	9,950,247
Disposals	(9,332,406)	–	(9,332,406)
Recognised in profit or loss- net	(11,293)	–	(11,293)
Recognised in other comprehensive income	–	(8,371)	(8,371)
	1,921,466	82,683	2,004,149
At 31 December 2024			
	1,138,128	77,567	1,215,695
Acquisitions	7,565,856	–	7,565,856
Disposals	(7,379,263)	–	(7,379,263)
Recognised in profit or loss- net	(9,803)	–	(9,803)
Recognised in other comprehensive income	–	13,487	13,487
	1,314,918	91,054	1,405,972
At 31 December 2023			



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

38 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

(c) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

	Valuation technique	Fair value at 31/12/2024 RMB'000	Name	Input		Observable/Unobservable
				Range/weighted average	Relationship with fair value	
Non-current asset						
Equity Instrument at FVOCI	Market multiple method	82,683	Price to book ratio	1.6-3.4	Positively correlated	Unobservable
Current asset						
Notes receivable at FVOCI	Income approach	1,921,466	Discount rate	1.20%	Negatively correlated	Unobservable
		2,004,149				

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

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

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



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

39 FINANCIAL RISK MANAGEMENT

39.1 FINANCIAL RISK FACTORS

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

(a) **Market risk**

(i) **Foreign exchange risk**

The primary economic environment in which the Group operates in the PRC and their functional currency is RMB. However, the Group's certain subsidiaries operate in the United States, Europe and Russia and their functional currencies are USD, EUR and RBL, respectively. Also, the Group exports the products to overseas customers and the sales are usually carried out in USD and EUR. Moreover, certain cash and cash equivalents, trade and other receivables and trade and other payables are denominated in foreign currencies which expose the Group to foreign currency risk, primarily with respect to USD, EUR and RBL.

The Group would consider a combination of foreign currency option, foreign currency swap contracts and forward foreign exchange contracts to control its exposure to foreign currency risk when necessary. In 2023 and 2024, the Group did not use any above derivative financial instruments.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

39 FINANCIAL RISK MANAGEMENT (Continued)

39.1 FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

As at 31 December 2024 and 2023, if RMB had strengthened/weakened by 10% against the foreign currencies while all other variables had been held constant, net profit for the year of the companies in the Group whose functional currency is RMB would have changed as follows, mainly as a result of exchange gains/losses on translation of various financial assets and liabilities denominated in foreign currencies held by the Group:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Net profit increase/(decrease)		
USD		
– Strengthened 10%	(1,121,980)	(540,565)
– Weakened 10%	1,121,980	540,565



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

39 FINANCIAL RISK MANAGEMENT (Continued)

39.1 FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk

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

Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest-rate risk. The Group does not hedge its cash flow and fair value interest rate risk. The interest rates and terms of repayments of borrowings are disclosed in note 27.

As at 31 December 2024 and 2023, if interest rates on bank borrowings had risen/fallen by 50 basis points with all other variables held constant, the Group's net profit for the year would have changed mainly as a result of higher/lower interest expenses on floating rate borrowings. Details of changes are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Net profit increase/(decrease)		
– Risen 50 basis points	(13,776)	(16,644)
– Fallen 50 basis points	13,776	16,644
	<u>13,776</u>	<u>16,644</u>

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

39 FINANCIAL RISK MANAGEMENT (Continued)

39.1 FINANCIAL RISK FACTORS (Continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents, trade receivables, restricted cash, financial assets measured at fair value through comprehensive income, financial assets measured at fair value through profit or loss, other receivables and other assets.

(i) Risk management

Credit risk is managed on a group basis. Cash and cash equivalents, including restricted cash, were deposited in the major financial institutions. For financial assets at fair value through profit or loss and fair value through other comprehensive income, the Group also chose to deal with these financial institutions which the directors believe are of high credit quality.

For trade receivables and other receivables, the Group made policies to control credit risk exposure. The Group assesses the credit risk of customers and sets the corresponding credit period based on their financial status, the possibility of obtaining guarantees from third parties, credit history and other factors such as current market conditions. The Group monitored customer credit records regularly. For customers with poor credit history, the Group will apply written reminders, cancel credit terms or terminate business with customers to ensure that the Group's overall credit risk is within the controllable range.

(ii) Impairment of financial assets

Trade receivables for sales of inventory and other receivables are subject to the expected credit loss model. The Group applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the ageing.

The expected loss rates are based on the payment profiles of corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified Chinese and global GDP for the goods it sells and services it provides as the most important factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

39 FINANCIAL RISK MANAGEMENT (Continued)

39.1 FINANCIAL RISK FACTORS (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

When considering forward-looking information, the Group takes different macroeconomic scenarios into consideration. The Group regularly monitors and reviews important macroeconomic assumptions and parameters for calculating ECL, including Chinese and global GDP. In 2024 and 2023, the Group has considered the impact of different macroeconomic scenarios and updated relevant assumptions and parameters accordingly.

The key macroeconomic parameters applied in various scenarios were mainly as follows:

	Economic Scenarios		
	Benchmark (Weights: 80%)	Unfavourable (Weights: 10%)	Favourable (Weights: 10%)
2024: GDP	<u>3.20%</u>	<u>1.58%</u>	<u>4.82%</u>
2023: GDP	<u>4.30%</u>	<u>1.80%</u>	<u>4.45%</u>

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

39 FINANCIAL RISK MANAGEMENT (Continued)

39.1 FINANCIAL RISK FACTORS (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

On that basis, the loss allowance as at 31 December 2024 and 2023 was determined as follows for trade receivables:

At 31 December 2024	Current	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected loss rate	0.14%	41.13%	100.00%	100.00%	0.26%
Gross carrying amount – trade receivables	8,932,721	13,647	584	4,035	8,950,987
Loss allowance – IFRS 9	12,817	5,613	584	4,035	23,049
Individually impaired receivables	5,259	–	6,463	–	11,722
Total loss allowance	18,076	5,613	7,047	4,035	34,771
At 31 December 2023	Current	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected loss rate	0.14%	55.04%	100.00%	100.00%	0.29%
Gross carrying amount – trade receivables	7,503,484	2,907	4,318	5,359	7,516,068
Loss allowance – IFRS 9	10,827	1,600	4,318	5,359	22,104
Individually impaired receivables	1,322	5,397	3,706	215	10,640
Total loss allowance	12,149	6,997	8,024	5,574	32,744



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

39 FINANCIAL RISK MANAGEMENT (Continued)

39.1 FINANCIAL RISK FACTORS (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

As at 31 December 2024 and 2023, the loss allowance for other receivables are measured as lifetime expected credit losses:

	Stage 1		Stage 2		Stage 3		Total
	12 month expected losses (Combination)		Lifetime expected losses (No credit impairment)		Lifetime expected losses (Credit impairment has occurred)		
	Gross carrying amount RMB'000	Loss allowance RMB'000	Gross carrying amount RMB'000	Loss allowance RMB'000	Gross carrying amount RMB'000	Loss allowance RMB'000	
At 1 January 2024	134,030	-	-	-	321,400	(4,984)	(4,984)
Additions	-	-	-	-	-	-	-
Decrease	(18,867)	-	-	-	(321,400)	4,984	4,984
At 31 December 2024	115,163	-	-	-	-	-	-

	Stage 1		Stage 2		Stage 3		Total
	12 month expected losses (Combination)		Lifetime expected losses (No credit impairment)		Lifetime expected losses (Credit impairment has occurred)		
	Gross carrying amount RMB'000	Loss allowance RMB'000	Gross carrying amount RMB'000	Loss allowance RMB'000	Gross carrying amount RMB'000	Loss allowance RMB'000	
At 1 January 2023	131,497	-	-	-	-	-	-
Additions	2,533	-	-	-	-	-	-
Reclassification	-	-	-	-	321,400	(4,984)	(4,984)
At 31 December 2023	134,030	-	-	-	321,400	(4,984)	(4,984)

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

39 FINANCIAL RISK MANAGEMENT (Continued)

39.1 FINANCIAL RISK FACTORS (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

As at 31 December 2024 and 2023, the loss allowance for long-term receivables are measured as lifetime expected credit losses:

	Stage 1		Stage 2		Stage 3		Total
	12 month expected losses (Combination)		Lifetime expected losses (No credit impairment)		Lifetime expected losses (Credit impairment has occurred)		
	Gross carrying amount RMB'000	loss allowance RMB'000	Gross carrying amount RMB'000	loss allowance RMB'000	Gross carrying amount RMB'000	loss allowance RMB'000	
At 1 January 2024	28,891	-	-	-	-	-	-
Additions	1,214	-	-	-	-	-	-
At 31 December 2024	30,105	-	-	-	-	-	-

	Stage 1		Stage 2		Stage 3		Total
	12 month expected losses (Combination)		Lifetime expected losses (No credit impairment)		Lifetime expected losses (Credit impairment has occurred)		
	Gross carrying amount RMB'000	Loss allowance RMB'000	Gross carrying amount RMB'000	Loss allowance RMB'000	Gross carrying amount RMB'000	Loss allowance RMB'000	
At 1 January 2023	-	-	-	-	321,400	(4,984)	(4,984)
Additions	28,891	-	-	-	-	-	-
Reclassification	-	-	-	-	(321,400)	4,984	4,984
At 31 December 2023	28,891	-	-	-	-	-	-



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

39 FINANCIAL RISK MANAGEMENT (Continued)

39.1 FINANCIAL RISK FACTORS (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

The closing loss allowances for trade receivables and other receivables as at 31 December 2024 reconcile to the opening loss allowances as follows:

	Trade receivables		Other receivables		Long-term receivables	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
At 1 January	32,744	17,594	4,984	-	-	4,984
Increase in loss allowance recognised in the statement of profit or loss during the year	3,563	17,110	-	-	-	-
Currency translation difference	(104)	40	-	-	-	-
Write-off against uncollectible receivables	(1,432)	(2,000)	(4,984)	-	-	-
Reclassification	-	-	-	4,984	-	(4,984)
At 31 December	34,771	32,744	-	4,984	-	-

During the year, the following losses were recognised in the statement of profit or loss in relation to impaired financial assets:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Impairment losses		
- Movement in loss allowance for trade receivables and other receivables	10,550	17,256
- Reversal of previous impairment losses	(6,987)	(146)
Net impairment losses on financial assets	3,563	17,110

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

39 FINANCIAL RISK MANAGEMENT (Continued)

39.1 FINANCIAL RISK FACTORS (Continued)

(b) Credit risk (Continued)

(iii) Financial assets at FVPL and financial assets at FVOCI

The Group is also exposed to credit risk in relation to financial assets at FVPL and FVOCI. The maximum exposure at the end of reporting period is the carrying amount of these financial assets of RMB2,011,832,000 (2023: RMB1,411,713,000).

(c) Liquidity risk

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

The Group had access to the following undrawn borrowing facilities as at 31 December 2024 and 2023:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Bank credit	39,795,368	33,477,648

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

39 FINANCIAL RISK MANAGEMENT (Continued)

39.1 FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk (Continued)

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

	Less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2024					
Borrowings, including interest payables	7,660,849	5,976,659	1,341,774	–	14,979,282
Long term payables	8,026	8,026	24,078	32,105	72,235
Lease Liabilities	104,105	99,506	222,221	63,509	489,341
Financial liabilities included in trade and other payables	8,029,229	–	–	–	8,029,229
	15,802,209	6,084,191	1,588,073	95,614	23,570,087
As at 31 December 2023					
Borrowings, including interest payables	5,694,769	3,095,718	5,634,811	–	14,425,298
Long term payables	8,026	8,026	24,078	40,131	80,261
Lease Liabilities	133,750	94,651	239,915	112,875	581,191
Financial liabilities included in trade and other payables	7,145,237	–	–	–	7,145,237
	12,981,782	3,198,395	5,898,804	153,006	22,231,987

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

39 FINANCIAL RISK MANAGEMENT (Continued)

39.2 CAPITAL RISK MANAGEMENT

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

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

Consistent with industry, the Group monitors capital on basis of the net liability to equity ratio. This ratio is calculated as net liability divided by total capital. Net liability represents certain interest bearing debt items including current and non-current borrowings, lease liabilities and long-term payables as shown in the consolidated statement of financial position less cash and cash equivalents. Total capital is calculated as the "equity" as shown in the financial statements plus net liability.

The net liability to equity ratios as at 31 December 2024 and 2023 are as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Total borrowings (note 27)	14,687,439	14,004,799
Total lease liabilities (note 16)	443,195	525,939
Total long-term payables (note 28 (b))	59,287	64,473
Less: Cash and cash equivalents (note 23)	(18,733,774)	(13,351,250)
Net liability	(3,543,853)	1,243,961
Total equity	35,695,042	31,421,379
Total capital	32,151,189	32,665,340
Net liability to equity ratio	(11.02%)	3.81%

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

40 EVENTS OCCURRING AFTER THE REPORTING PERIOD

According to the eleventh board resolution of the third session on 18 March 2025, the “2024 Profit Distribution Plan” was considered and approved. The Board of Directors proposed that the company distribute dividends to all shareholders, and pay a cash dividend of RMB18 (including tax) for every 10 shares, and a total dividend of RMB4,697,538,000 (including tax). If the total share capital of the Company changes before the equity registration date for the implementation of the equity distribution, the company intends to maintain the distribution ratio per share unchanged and adjust the total distribution accordingly. The plan still needs to be submitted to the Company’s shareholders meeting for deliberation. This dividend payable does not recognised in the financial statement as a liability.

41 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Non-current assets		
Property, plant and equipment	845,492	886,927
Right-of-use assets	104,568	169,473
Land use rights	29,269	29,963
Intangible assets	99,219	104,797
Investments in subsidiaries	10,653,751	9,651,482
Financial assets at fair value through other comprehensive income	82,683	91,054
Investment in joint ventures	215,293	26,189
Investment in an associate	20,000	20,000
Long-term receivables	3,171,978	3,211,928
Total non-current assets	15,222,253	14,191,813
Current assets		
Inventories	544,686	509,504
Receivables, prepayments and other current assets	17,753,523	19,997,639
Financial assets at fair value through other comprehensive income	847,888	1,049,455
Cash and cash equivalents	17,558,110	12,752,563
Total current assets	36,704,207	34,309,161

Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

41 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Statement of financial position of the Company (Continued)

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Current liabilities		
Trade and other payables	17,434,441	14,703,587
Contract liabilities	85,170	248,987
Current tax liabilities	63,428	44,758
Borrowings	2,609,713	1,727,073
Lease liabilities	1,138	33,884
Total current liabilities	20,193,890	16,758,289
NET CURRENT ASSETS	16,510,317	17,550,872
TOTAL ASSETS LESS CURRENT LIABILITIES	31,732,570	31,742,685
TOTAL ASSETS LESS CURRENT LIABILITIES	31,732,570	31,742,685
Non-current liabilities		
Borrowings	6,032,200	7,543,100
Lease liabilities	–	1,657
Deferred tax liabilities	213,443	195,292
Deferred income	59,227	56,009
Other non-current liabilities	12,595	–
Total non-current liabilities	6,317,465	7,796,058
Net assets	25,415,105	23,946,627
EQUITY		
Share capital	2,609,744	2,609,744
Share premium	9,680,392	9,680,392
Other reserves (note (b))	4,428,089	3,947,892
Retained earnings (note (b))	8,696,880	7,708,599
Total equity	25,415,105	23,946,627



Section XI Financial Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

41 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Retained earnings <i>RMB'000</i>	Other reserves <i>RMB'000</i>
At 1 January 2023	7,828,789	3,588,069
Profit for the year	3,491,696	–
Changes in the fair value of financial assets at fair value through other comprehensive income	–	10,116
Appropriation to statutory reserve	(349,707)	349,707
Dividends relating to 2022	(3,262,179)	–
At 31 December 2023 and 1 January 2024	7,708,599	3,947,892
Profit for the year	4,867,424	–
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	–	(6,279)
Appropriation to statutory reserve	(486,476)	486,476
Dividends relating to 2023	(3,392,667)	–
At 31 December 2024	8,696,880	4,428,089

42 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 18 March 2025.



Section XII Business Performance Highlights for the Previous Five Years

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS:

Unit: '000 Currency: RMB

Items	2024	Year ended December 31,			
		2023	2022	2021	2020
Revenue	39,251,657	33,160,997	28,098,754	23,603,063	19,906,593
Cost of sales	25,303,908	21,840,391	18,901,092	15,352,658	12,870,070
Gross profit	13,947,749	11,320,606	9,197,662	8,250,405	7,036,523
Distribution costs and selling expenses	1,180,261	1,538,783	1,350,721	1,150,992	1,051,202
Administrative expenses	3,021,597	2,493,598	2,152,007	1,953,523	1,908,980
Research and development expenses	1,677,751	1,403,030	1,248,593	997,203	815,579
Other income	400,415	262,917	215,071	242,338	352,821
Other (expense)/gains – net	-149,639	247,968	925,649	-444,134	-445,914
Net impairment losses on financial assets	3,563	17,110	4,093	5,436	5,987
Operating profit	8,315,353	6,378,970	5,582,968	3,941,455	3,161,682
Finance income	979,192	614,002	262,734	168,838	290,290
Finance costs	288,507	288,320	288,122	318,941	354,752
Finance (income)/costs – net	-690,685	-325,682	25,388	150,103	64,462
Share of net profit of joint venture and associate accounted for using the equity method	-15,802	10,798	20,963	26,975	11,844
Profit before income tax	8,990,236	6,715,450	5,578,543	3,818,327	3,109,064
Income tax expense	1,486,781	1,086,914	826,310	675,861	511,144
Profit for the year	7,503,455	5,628,536	4,752,233	3,142,466	2,597,920
Profit is attributable to:					
Owners of the Company	7,497,392	5,628,684	4,755,033	3,145,652	2,600,245
Non-controlling interests	6,063	-148	-2,800	-3,186	-2,325
Profit for the year	7,503,455	5,628,536	4,752,233	3,142,466	2,597,920
Basic earnings per share	2.87	2.16	1.82	1.23	1.04
Diluted earnings per share	2.87	2.16	1.82	1.23	1.04



Section XII Business Performance Highlights for the Previous Five Years

CONSOLIDATED BALANCE SHEET:

Unit: '000 Currency: RMB

Items	As at December 31,				
	2024	2023	2022	2021	2020
Total assets	63,263,654	56,640,463	50,778,126	44,796,085	38,435,332
Total liabilities	27,568,612	25,219,084	21,779,200	18,490,789	16,832,718
Total equity	35,695,042	31,421,379	28,998,926	26,305,296	21,602,614

