

**Shanghai Huayi Group Co.
Announcement on Transfer of
Assets (Equity Interests) and
Foreign Investment in Wholly-owned
Subsidiary Double Coin Tyre Co.**

The Board of Directors and all directors of the Company warrant that there are no false records, misleading statements or material omissions in the contents of this announcement and shall be solely and jointly liable for the truthfulness, accuracy and completeness of its contents.

Important Tip:

- Name of the company receiving the transfer of assets (equity):
(hereinafter referred to as "Double Coin Tyre"), a wholly-owned subsidiary, by transferring assets (equity) of RMB2,450 million.

- Impact on Listed Companies Tip:

The transfer of assets and equity was carried out within the scope of the Company's consolidated financial statements, did not involve a change in the scope of the consolidated financial statements, and had no significant impact on the Company's current financial position and results of operations.

I. Overview of asset (equity) transfers

1. Basic information on the transfer of assets (equity):

(hereinafter referred to as "Huayi Group") after the implementation of major asset reorganisation, in order to optimise the asset allocation and further enhance the professional management functions of each business segment, so as to improve the market competitiveness in the industry to which it belongs, Huayi Group established a wholly-owned subsidiary, Double Coin Tire, with a

registered capital of RMB 0.05 billion. Huayi Group set up a wholly-owned subsidiary, Double Coin Tyre, with a registered capital of RMB0.5 billion, and transferred the assets, equity interests, debts and liabilities of Huayi Group related to the business of tyre production and sales, totalling RMB2.45 billion, to Double Coin Tyre in accordance with the method of transferring the existing assets to the net book value.

After the merger and reorganisation, Double Coin Tyre will become a wholly-owned tyre business segment of Huayi Group, with its registered capital increased to RMB2.5 billion. After the completion of this asset (equity) transfer, Double Coin Tyre will remain a wholly-owned subsidiary of Huayi Group.

2. Deliberations of the Board of Trustees:

At the 18th meeting of the 8th session of the Board of Directors of the Company held on 29 February 2016, the "Proposal on the Capital Increase of Double Coin Tire Co.

3. Deliberations at the General Meeting of Shareholders:

The First Extraordinary General Meeting of 2016 of the Company held on 18 March 2016 considered and passed the aforesaid "Proposal on the Capital Increase of Double Coin Tire Co.

4. The above transfer of assets does not constitute a connected transaction or a major asset reorganisation. II.

Basic information of the company accepting the transfer of assets (equity)

1. Receive an overview of the asset (equity) transfer company:

Double Coin Tyres was registered in January 2016 following the decision of the Company's Seventeenth Meeting of the Eighth Board of Directors.

As of 31 May 2016, the registered capital of Double Coin Tire is RMB 0.5 billion. As of 31 May 2016, the registered capital of Double Coin Tire is RMB 0.5 billion, the legal representative is Chu Zhengyu, and the mode of capital contribution is monetary fund, the registered address is No. 2613 Jianchuan Road, Minhang District, Shanghai, and the scope of business is as follows: the production and sale of tyres, tyres, rubber shoes and other rubber products and the accessories of the aforesaid products, raw and auxiliary materials of rubber, rubber machinery, moulds, tyre rubber products, steel wire, and so on. Steel wire(The above items are subject to the approval of the government registration authority)

Double Coin Tyres has not yet commenced its operating business as of today. 2. Overview of the transfer of assets (equity):

In this asset (equity) transfer, assets, equity, debts and liabilities related to tyre production and sales business of Huayi Group, totalling RMB2.45 billion,

were transferred to Double Coin Tyre according to the net book value. As of 2015

As at 31 December, the total net book value of the transferred assets (equity interests) after certification by Lixin Certified Public Accountants (Special General Partnership) was RMB6,145,023,002.83, total net book value of liabilities was RMB3,695,023,002.83, and the amount of the net book value of the assets (equity interests) transferred through the asset (equity interests) was RMB2,450,000,000.00. There are no mortgages, pledges, litigation or arbitration matters in respect of the assets (equity) transferred.

Any increase or decrease in net assets during the period from the base date of asset (equity) transfer (31 December 2015) to the date of completion of the actual transfer shall be borne by or enjoyed by Double Coin Tire.

The status of the companies corresponding to the equity transfer involved in the capital increase and the proportion of Huayi Group's existing equity interest are set out in the table below:

Unit:

Yuan

se ria l nu m be r	Name of the company to which the shares were transferred	Shareholding (%)	Total assets at the end of 2015	Net assets at the end of 2015	Operating income in 2015	Net profit for 2015	Main business in the last three years
1	Shanghai Tyre & Rubber (Group) Co.	100	177,699,006.67	127,485,169.01	48,297,079.41	-9,612,434.30	Tyres, rubber raw materials and products, waste tyre retreading treatment, own house rental.
2	Double Coin Group Shanghai Donghai Tyre Co.	65	87,576,742.05	-75,181,767.12	77,445,378.29	-44,737,888.12	Rental of tyres, chemical raw materials and own equipment.
3	Double Coin Group (Jiangsu) Tyre Co.	51.67	1,660,268,487.01	618,070,862.11	1,657,233,433.34	-39,433,752.00	Manufacture, processing, assembly and sale of tyres.
4	Double Coin Group Shanghai Supply & Marketing Co.	90.48	240,081,861.76	-57,376,951.21	3,652,954,179.81	-5,250,341.99	Tyres and rubber products, rubber machinery, chemical raw materials (except dangerous goods).
5	Double Coin Group Shanghai Tyre Research Institute Co.	100	657,432,254.21	532,916,465.67	483,694,060.30	446,413,737.12	Automobile tyre development and research, related technology, commodity information consulting services. Automobile tyre sales business.
6	Shanghai Rubber Machinery No.1 Factory Co.	100	41,511,865.82	-13,047,178.57	3,870,342.75	-23,598,679.88	Rubber machinery manufacturing

7	China North American Tyre Joint Sales Corporation	52.40	573,120,736.82	20,893,804.35	1,551,987,726.39	7,088,001.23	Sales business of all kinds of tyres.
8	Shanghai Double Coin Tyre Sales Co.	35.06	836,371,028.88	-125,008,032.53	5,624,143,511.67	-135,876,589.53	Sales business of all kinds of tyres.
9	Double Coin Group (Chongqing) Tyre Co.	55	1,483,026,116.74	412,233,032.43	1,053,615,077.66	-98,816,839.37	Manufacture, processing, assembly and sale of tyres.
10	Double Coin Group (Anhui) Back Tyre Co.	40.80	1,675,527,183.70	1,193,612,906.60	315,090,631.49	-104,587,477.59	Develops, produces, processes, markets and sells medium and high-end passenger car light truck tyres and related rubber products.
11	Thai Hua Tai Rubber Co.	83	257,028,748.45	59,097,365.31	448,850,012.36	-8,494,133.70	Manufacture, processing and sale of rubber compounds, TTR rubber and other related products.
12	Double Coin Group (Xinjiang) Kunlun Tyre Co.	51	1,550,057,507.35	814,948,111.40	1,121,676,852.48	-66,859,914.17	Development, production and sales of tyres, rubber products and rubber machinery.

13	Shanghai Double Coin Tyre Sales (Jordan) Co.	50	46,008,616.41	30,902,933.70	27,704,513.29	1,766,667.39	Engaged in the import and export business of tyres and their auxiliary materials, rubber products, chemical raw materials, machinery parts, etc.
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* The above data are extracted from the 2015 annual audit report, and the auditors of the consolidated subsidiaries are Lixin Certified Public Accountants (Special General Partnership).

Note 1: The shareholding structure of Shanghai Tyre & Rubber (Group) Company Limited is: 100% of Huayi Group

Note 2: The shareholding structure of Double Coin Group Shanghai Donghai Tyre Company Limited is as follows: Huayi Group 65%, Bright Group Shanghai Donghai General Company 35%.

Note 3: The shareholding structure of Double Coin Group (Jiangsu) Tyre Co., Ltd. is as follows: Huayi Group 51.67%, Huayi Group (Hong Kong) Co., Ltd. 23.33%, Koryo Steel (Malaysia) Ltd. 5%, and Hong Kong Heng Sheng Investment Ltd. 20%.

Note 4: The shareholding structure of Double Coin Group Shanghai Supply and Marketing Co., Ltd. is:

Huayi Group 90.48%, Double Coin Group Shanghai Tire Research Institute Co.

Note 6: The shareholding structure of Shanghai Rubber Machinery No. 1 Factory Co.

Note 7: Shareholding structure of China North America Tire Joint Sales Company: Huayi Group 52.4%, American Pinya Company 34%, Yang Zhiming 11.56%, Zang Yibai 2.04% Note 8: Shareholding structure of Shanghai Double Coin Tire Sales Co.

Note 9: The shareholding structure of Double Coin Group (Chongqing) Tyre Co., Ltd. is as follows: Huayi Group 55%, Chongqing Light Textile Holding (Group) Company 20%, Huayi Group (Hong Kong) Limited 10%, Shanghai Double Coin Tyre Sales Co.

Note 10: The shareholding structure of Shuangqian Group (Anhui) Hui Li Tyre Co., Ltd. is as follows: Huayi Group 40.8%, Shanghai Huayi (Group) Company (majority shareholder) 19.2%, Michelin (China) Investment Co., Ltd. 10%, Compagnie Financière Michelin (Switzerland) 30%.

Note 11: The shareholding structure of Thai Huatai Rubber Company is as follows: Huayi Group 83 per cent, Thai Huatai Rubber Company 17 per cent.

Note 12: The shareholding structure of Double Coin Group (Xinjiang) Kunlun Tyre Co., Ltd. is as follows: Huayi Group 51%, Xinjiang Investment Development (Group) Co., Ltd. 33.85%, Urumqi State-owned Assets Management Co., Ltd. 11.54% and others 3.61%.

Note 13: The shareholding structure of Shanghai Double Coin Tyre Sales (Jordan) Co. Ltd. is: Huayi Group 50%, JAMIL ODEH & SONS 50%.

III. Impact on listed companies

The transfer of assets and equity was carried out within the scope of the Company's consolidated financial statements, did not involve any change in the scope of the consolidated financial statements, and did not have a material impact on the Company's current financial position and results of operations.

IV. Other annexes

Lixin Certified Public Accountants (Special General Partnership) issued a special assurance report on the transfer of assets (equity) of Shanghai Huayi Group Co.

hereby announce

Shanghai Huayi Group Co.

director

Board of Directors

Meeting 28 June

2016