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

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

**(Stock Code: 3606)**

## **2017 FIRST QUARTERLY REPORT**

This announcement is made pursuant to Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Set out below is the 2017 first quarterly report of Fuyao Glass Industry Group Co., Ltd. (the “**Company**”) and its subsidiaries for the three months ended March 31, 2017 (the “**Reporting Period**”). The financial report contained herein is prepared pursuant to the PRC Accounting Standards for Business Enterprises and has not been audited.

This announcement is prepared in both Chinese and English languages. In the event of any inconsistency between these two versions, the Chinese version shall prevail.

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

Fuzhou, Fujian, the PRC, April 27, 2017

*As at the date of this announcement, the board of directors of the Company comprises Mr. Cho Tak Wong, Mr. Chen Xiangming and Ms. Sun Yiqun, as executive directors; Mr. Tso Fai, Mr. Wu Shinong and Ms. Zhu Dezhen, as non-executive directors; Ms. Cheng Yan, Ms. Liu Xiaozhi and Mr. Wu Yuhui, as independent non-executive directors.*

## I. IMPORTANT NOTICE

1.1 The board of directors, supervisory board, directors, supervisors and senior management of the Company shall warrant the truthfulness, accuracy and completeness of the contents stated in the quarterly report and that there are no false presentations, misleading statements or material omissions thereof and shall assume joint and several legal liabilities.

1.2 Director absent

<b>Name of absent director</b>	<b>Position of absent director</b>	<b>Reason for absence</b>	<b>Name of proxy</b>
Wu Shinong	Non-executive director	Work reason	Zhu Dezhen
Cheng Yan	Independent non-executive director	Work reason	Wu Yuhui

1.3 Cho Tak Wong, person-in-charge of the Company, Chen Xiangming, the principal-in-charge of accounting, and Lin Xuejuan, head of the Accounting Department (person-in-charge of accounting), warrant the truthfulness, accuracy and completeness of the financial statements set out in the quarterly report.

1.4 The 2017 first quarterly report of the Company has not been audited.

## II. BASIC INFORMATION OF THE COMPANY

### 2.1 Major financial data

*Unit: Yuan Currency: RMB*

	<b>As at the end of this Reporting Period</b>	As at the end of previous year	Increase/decrease at the end of this Reporting Period as compared with the end of previous year (%)
Total assets	<b>30,403,497,132</b>	29,865,845,423	1.80
Net assets attributable to shareholders of the listed company	<b>18,744,059,525</b>	18,033,617,524	3.94
	<b>From the beginning of 2017 to the end of the Reporting Period</b>	From the beginning of previous year to the end of the reporting period of previous year	Increase/decrease as compared with the corresponding period of previous year (%)
Net cash flows from operating activities	<b>1,052,335,467</b>	595,019,344	76.86
	<b>From the beginning of 2017 to the end of the Reporting Period</b>	From the beginning of previous year to the end of the reporting period of previous year	Increase/decrease as compared with the corresponding period of previous year (%)
Operating revenue	<b>4,197,598,309</b>	3,567,039,473	17.68
Net profit attributable to shareholders of the listed company	<b>692,879,063</b>	583,071,294	18.83
Net profits attributable to shareholders of the listed company, net of non-recurring gains or losses	<b>685,237,597</b>	580,994,264	17.94
Return rate on weighted average net assets (%)	<b>3.77</b>	3.49	Increased by 0.28 percentage point
Basic earnings per share ( <i>Yuan/share</i> )	<b>0.28</b>	0.23	21.74
Diluted earnings per share ( <i>Yuan/share</i> )	<b>0.28</b>	0.23	21.74

## Non-recurring profit and loss items and amounts

Unit: Yuan Currency: RMB

<b>Items</b>	<b>Amount for the current period</b>
Profit and loss from disposal of non-current assets	<b>-14,348,093</b>
Government subsidies recorded under current profit and loss (except for those closely related to the normal business operation of the Company, in compliance with requirements of the national policies and entitled continuously to a fixed amount or fixed quantity under the requirements of the State policies)	<b>21,104,663</b>
Apart from hedging instruments relating to the normal operations of the Company, profit or loss from change in fair value of held-for-trading financial assets and held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets	<b>-1,344,643</b>
Other non-operating income and expenses other than the above items	<b>5,366,091</b>
Impact on non-controlling interests (after tax)	<b>-118</b>
Effect of income tax	<b>-3,136,434</b>
	<hr/>
Total	<b><u><u>7,641,466</u></u></b>

**2.2 Total number of shareholders, the shareholdings of the top ten shareholders and top ten shareholders with tradable shares (or shareholders not subject to selling restrictions) as at the end of the Reporting Period**

*Unit: Shares*

Total number of shareholders 73,972 holders of A shares and 65 registered holders of H shares

**Shareholding of top ten shareholders**

Name of shareholders (Full name)	Shareholding at the end of period	Percentage (%)	Number of shares held with selling restrictions	Pledge or moratorium		Nature of shareholder
				Status of shares	Number	
HKSCC NOMINEES LIMITED <i>(Note)</i>	491,731,200	19.60		Unknown		Unknown
Sanyi Development Limited	390,578,816	15.57		Nil		Overseas legal entity
Heren Charitable Foundation	290,000,000	11.56		Nil		Domestic non-state-owned legal entity
Hong Kong Securities Clearing Company Limited	227,066,406	9.05		Unknown		Unknown
TEMASEK FULLERTON ALPHA PTE LTD	38,653,598	1.54		Unknown		Unknown
Fujian Yaohua Industrial Village Development Co., Ltd.	34,277,742	1.37		Pledged	13,700,000	Domestic non-state-owned legal entity
Bai Yongli	26,424,759	1.05		Unknown		Unknown
Central Huijin Asset Management Ltd.	24,598,300	0.98		Unknown		Unknown
Canada Pension Plan Investment Board - Own Funds	22,441,781	0.89		Unknown		Unknown
Li Shengqing	20,376,138	0.81		Unknown		Unknown

**Shareholdings of the top ten shareholders  
not subject to selling restrictions**

Name of shareholders	Number of tradable shares not subject to selling restrictions	Types and number of shares	
		Types	Number
HKSCC NOMINEES LIMITED <i>(Note)</i>	491,731,200	Overseas listed foreign shares	491,731,200
Sanyi Development Limited	390,578,816	Ordinary shares denominated in RMB	390,578,816
Heren Charitable Foundation	290,000,000	Ordinary shares denominated in RMB	290,000,000
Hong Kong Securities Clearing Company Limited	227,066,406	Ordinary shares denominated in RMB	227,066,406
TEMASEK FULLERTON ALPHA PTE LTD	38,653,598	Ordinary shares denominated in RMB	38,653,598
Fujian Yaohua Industrial Village Development Co., Ltd.	34,277,742	Ordinary shares denominated in RMB	34,277,742
Bai Yongli	26,424,759	Ordinary shares denominated in RMB	26,424,759
Central Huijin Asset Management Ltd.	24,598,300	Ordinary shares denominated in RMB	24,598,300
Canada Pension Plan Investment Board – Own Funds	22,441,781	Ordinary shares denominated in RMB	22,441,781
Li Shengqing	20,376,138	Ordinary shares denominated in RMB	20,376,138

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

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

*Note:* HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) holds shares on behalf of several customers.

### III. SIGNIFICANT EVENTS

#### 3.1 Particulars and reasons of material changes in major accounting items and financial indicators of the Company

##### 1. Particulars and reasons of material changes in balance sheet items of the Company as at the end of the Reporting Period

Unit: Yuan Currency: RMB

Items	Balance as at the end of the period	Balance as at the beginning of the year	Increase/ decrease	Percentage of increase/ decrease
Financial assets at fair value through profit or loss	-	1,951,267	-1,951,267	-100.00%
Non-current assets due within one year	<b>26,853,132</b>	16,936,288	9,916,844	58.55%
Other Non-current assets	<b>385,381</b>	289,450	95,931	33.14%
Financial liabilities at fair value through profit or loss	<b>8,495,213</b>	-	8,495,213	100.00%
Notes payable	<b>918,394,972</b>	613,982,362	304,412,610	49.58%
Advances from customers	<b>29,528,277</b>	21,435,585	8,092,692	37.75%
Employee benefits payable	<b>233,612,927</b>	420,291,759	-186,678,832	-44.42%
Interests payable	<b>21,432,953</b>	15,286,048	6,146,905	40.21%
Other current liabilities	<b>304,925,971</b>	608,604,575	-303,678,604	-49.90%

- a. Decrease in financial assets at fair value through profit or loss was due to settlement of certain forward foreign exchange settlement contracts upon maturity and revaluation of the unsettled forward foreign exchange settlement contracts as financial liabilities.
- b. Increase in non-current assets due within one year was mainly due to an increase in long-term prepaid expenses due within one year.

- c. Increase in other non-current assets was due to an increase in input VAT on real estates deducted by stages (from the thirteenth month).
- d. Increase in financial liabilities at fair value through profit or loss was due to option fees received from sale of call options on foreign exchange and revaluation of the unsettled forward foreign exchange settlement contracts of the subsidiaries as unrealized losses.
- e. Increase in notes payable was mainly due to an increase in procurement amount and amount settled by notes.
- f. Increase in advances from customers was mainly due to an increase in payments from customers in advance.
- g. Decrease in employee benefits payable was mainly due to the payment of the annual bonus provided for in the previous year during the Reporting Period.
- h. Increase in interests payable was mainly due to an increase in provision for the bonds interest payable.
- i. Decrease in other current liabilities was due to the repayment of ultra short-term financing bonds amounting to RMB300 million during the Reporting Period.

2. *Analysis on the reasons for significant changes in items of the income statement of the Company during the Reporting Period*

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the comparable period	Increase/ decrease	Percentage of increase/ decrease
Taxes and surcharges	<b>47,680,613</b>	32,750,204	14,930,409	45.59%
Financial expenses	<b>26,025,477</b>	49,545,355	-23,519,878	-47.47%
Gain or loss arising from changes in fair value	<b>-3,576,480</b>	-1,676,009	-1,900,471	113.39%
Investment income	<b>-168,647</b>	1,089,746	-1,258,393	-115.48%
Non-operating income	<b>26,774,830</b>	8,699,079	18,075,751	207.79%
Non-operating expenses	<b>14,652,169</b>	3,988,416	10,663,753	267.37%
Income tax expenses	<b>170,077,760</b>	128,121,996	41,955,764	32.75%

- a. Increase in taxes and surcharges was mainly due to reclassification of land use tax, property tax, vehicle and vessel usage tax and stamp duty under the “administrative expenses” into the “tax and surcharges” in accordance with “the Provisions on the Accounting Treatment of Value Added Tax” (Cai Kuai [2016] No. 22) issued by the Ministry of Finance of the PRC since May 1, 2016.
- b. Year-on-year decrease in financial expenses was mainly due to a year-on-year increase in interest income during the Reporting Period.
- c. Loss arising from changes in fair value was mainly the loss arising from changes in fair value due to revaluation of the forward foreign exchange settlement contracts of the subsidiaries.
- d. Decrease in investment income was mainly due to the loss of Jinken Glass Industry Shuangliao Co., Ltd., an associate of the Company, during the Reporting Period.
- e. Increase in non-operating income was mainly due to an increase in the government subsidies received during the Reporting Period.
- f. Increase in non-operating expenses was mainly due to the losses on disposal of fixed assets by subsidiaries.
- g. Increase in income tax expenses was mainly due to increase in total profit realized during the Reporting Period.

**3. Analysis on the reasons for substantial changes in cash flow items of the Company**

*Unit: Yuan Currency: RMB*

<b>Items</b>	<b>Amount for the current period</b>	<b>Amount for the comparable period</b>	<b>Increase/ decrease</b>	<b>Percentage of increase/ decrease</b>
Cash received from sale of goods or rendering of services	<b>5,188,972,399</b>	3,826,823,060	1,362,149,339	35.59%
Refund of taxes and surcharges	<b>56,272,360</b>	36,231,893	20,040,467	55.31%
Cash received relating to other operating activities	<b>57,178,068</b>	22,102,132	35,075,936	158.70%
Cash received relating to other investing activities	<b>3,521,710</b>	1,000,000	2,521,710	252.17%
Cash paid relating to other investing activities	<b>300,000,000</b>	-	300,000,000	-100.00%
Cash received relating to other financing activities	-	300,000,000	-300,000,000	-100.00%
Cash repayments of borrowings	<b>1,456,807,150</b>	969,850,397	486,956,753	50.21%
Cash paid relating to other financing activities		1,135,849	-1,135,849	-100.00%

- a. Increase in cash received from sale of goods or rendering of services was mainly due to an increase in revenue and accelerated collection of accounts receivable.
- b. Increase in refund of taxes and surcharges was mainly due to an increase in export tax refund rate for automotive glass (the tax refund rate has increased from 13% to 17% since November 2016).
- c. Increase in cash received relating to other operating activities was mainly due to an increase in interest income and government subsidies during the Reporting Period.
- d. Increase in cash received relating to other investing activities was mainly due to an increase in government subsidies relating to the assets.
- e. Increase in cash paid relating to other investing activities was due to the expense arise from purchase of bank wealth management products with principal preservation with floating return and for a term of six months during the Reporting Period.

- f. Decrease in cash received relating to other financing activities was due to the issuance of ultra short-term financing bonds amounting to RMB300 million during the corresponding period of last year.
- g. Increase in cash repayments of borrowings was mainly due to a repayment of ultra short-term financing bonds and short-term borrowings upon maturity during this period.
- h. Decrease in cash paid relating to other financing activities was mainly due to fees paid for issuance of ultra short-term financing bonds during the corresponding period of last year.

### **3.2 Progress of important events and their influence and analysis on the solution**

Not applicable

### 3.3 Undertakings that have fallen due but not yet completed during the Reporting Period

Background of undertakings	Type of undertakings	Undertaking party	Content of undertakings	Time and term of the undertakings	Has performance period or not	Fulfill in a timely and strict manner or not
Other undertakings	Dividend distribution	Fuyao Glass Industry Group Co., Ltd.	<p>The dividend distribution plan for the equity holders of the Company for the next three years (2015–2017) is as follows: 1. Method of profit distribution: Subject to relevant laws, regulations, normative documents, Articles of Association and relevant provisions and conditions under this plan, and on the premise that the consistency and stability of the profit distribution policy are guaranteed, the Company may distribute dividends in cash, in shares, in a combination of both cash and shares or otherwise as permitted by laws and regulations. The profit distribution shall not exceed the accumulative distributable profit without prejudice to the Company's ability of continuing operation. Among these distribution methods, preference will be given to cash dividend as compared to share dividend. Wherever the Company qualifies to distribute cash dividend, the cash dividend shall be adopted for profit distribution. If the Company decides to distribute profit by way of share dividend, such real and reasonable factors as the Company's growth and dilution of net asset value per shares shall be taken into consideration. 2. Frequency of profit distribution: On the premise that the Company records profit for the year with positive accumulative profit undistributed, it shall make profit distribution at least once a year. The Company can also declare interim cash dividend. In the next three years, the board of the Company can propose to declare interim dividend according to the current profit rate, condition of cash flow, development stage and capital needs. 3. The specific conditions of cash dividend and the minimum ratio of cash dividend: Under the precondition that the Company can maintain continuing operation and long-term development, if the Company has no such matters as major investment plans or major cash expenditures (other than investment projects funded with proceeds from fund raising), the Company shall, on the premise that the Company records profit for the year with positive accumulative profit undistributed, distribute dividend in cash and the profit of the Company distributed in cash shall be no less than 20% of the distributable profit achieved during that year. The specific dividend ratio for each year shall be proposed by the board according to the annual profit performance and the future capital use plan of the Company. 4. Specific conditions under which shares will be issued in lieu of dividends: Where the Company's business is in a sound condition and the board considers that the earning per share, stock price and net asset value per share of the Company do not reflect its share capital size, the Company may propose dividend distribution in shares, provided that the above conditions of dividend distribution in cash are fully satisfied. When determining the specific amount of profit distribution in shares, full consideration shall be given to whether the total share capital upon distribution of dividend in share</p>	<p>Publishing date of undertakings: March 12, 2015 Performance period of undertakings: between January 1, 2015 and December 31, 2017</p>	Yes	Yes

Background of undertakings	Type of undertakings	Undertaking party	Content of undertakings	Time and term of the undertakings	Has performance period or not	Fulfill in a timely and strict manner or not
			<p>matches with the current operation size, profit growth and dilution of net asset value per share of the Company while the influence on cost of future debt financing shall be taken into consideration to ensure the profit distribution plan in compliance with the overall interest and long-term benefit of the shareholders as a whole.</p> <p>5. Differential cash dividend policy: the board of the Company shall take into comprehensive consideration on such factors as the characteristics and development stage of the industry where the Company operates its business, its operational model, earnings level and the existence of major capital expenditure arrangements, to classify the followings and propose differential cash dividend policy according to the procedures stipulated in the Articles of Association: (1) where the Company is at developed stage without any major capital expenditure arrangement, the minimum ratio taken by cash dividend in the profit distribution shall be 80% when distributing profit; (2) where the Company is at developed stage with major capital expenditure arrangement, the minimum ratio taken by cash dividend in the profit distribution shall be 40% when distributing profit; (3) where the Company is at developing stage with major capital expenditure arrangement, the minimum ratio taken by cash dividend in the profit distribution shall be 20% when distributing profit; where it is hard to classify the development stage of the Company and there is any major capital expenditure arrangement, the Company may deal with the profit distribution according to the former item. 6. If the Company recorded profit in the previous financial year but the board of the Company did not propose any cash dividend plan at the end of the previous financial year, the Company shall consult with its independent directors and disclose reasons for not to propose cash dividend plan and the purpose of reserving such capital which has not been used for dividend distribution in the periodic report. Independent directors shall express independent opinions and disclose the same publicly. 7. Formulation and implementation of profit distribution plan: at the end of each financial year, the board of the Company shall propose a profit distribution plan and submit to the general meeting for consideration. The profit distribution plan of the Company on which the Company welcomes any suggestion from shareholders, independent directors and the supervisory committee, is under the supervision of the shareholders, independent directors and the supervisory committee. After the profit distribution plan is resolved at the general meeting of the Company, the board of the Company shall complete the distribution of dividend (or share) within two months after convening the general meeting.</p>			

**3.4 Explanation on the warning on and reason for the predicted loss in the accumulative net profit for the period from the beginning of the year to the end of next reporting period or possible substantial changes as compared to the corresponding period of last year**

Not applicable

Name of the Company	Fuyao Glass Industry Group Co., Ltd.
Legal representative	Cho Tak Wong
Date	April 26, 2017

## IV. APPENDIX

### 4.1 Financial statements

#### Consolidated Balance Sheet

March 31, 2017

Prepared by: Fuyao Glass Industry Group Co., Ltd.

Unit: Yuan Currency: RMB Audit Type: Unaudited

Items	Closing balance	Opening balance
<b>Current assets:</b>		
Cash at bank and on hand	<b>7,618,654,413</b>	7,211,178,987
Settlement provisions		
Placement		
Financial assets at fair value through profit or loss		1,951,267
Derivative financial assets		
Notes receivable	<b>1,047,431,186</b>	871,597,857
Accounts receivable	<b>2,943,981,474</b>	3,636,343,106
Advances to suppliers	<b>185,350,439</b>	150,956,724
Premiums receivable		
Reinsurance receivable		
Deposits receivable from reinsurance treaty		
Interest receivable		
Dividends receivable		
Other receivables	<b>102,651,003</b>	118,430,342
Financial assets purchased for resale		
Inventories	<b>3,172,735,514</b>	2,785,865,099
Assets of disposal groups classified as held-for-sale		
Non-current assets due within one year	<b>26,853,132</b>	16,936,288
Other current assets	<b>139,691,907</b>	174,699,089
<b>Total current assets</b>	<b>15,237,349,068</b>	<b>14,967,958,759</b>

<b>Items</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>Non-current assets:</b>		
Loans and advances		
Available-for sale financial assets		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	<b>101,367,778</b>	101,536,425
Investment properties		
Fixed assets	<b>9,373,727,233</b>	9,267,464,872
Construction in progress	<b>3,951,338,026</b>	3,821,964,355
Construction materials		
Fixed assets pending for disposal		
Bearer biological assets		
Oil and gas assets		
Intangible assets	<b>1,144,735,465</b>	1,148,077,027
Development costs		
Goodwill	<b>74,678,326</b>	74,678,326
Long-term prepaid expenses	<b>327,862,769</b>	290,472,267
Deferred tax assets	<b>192,053,086</b>	193,403,942
Other non-current assets	<b>385,381</b>	289,450
	<hr/>	<hr/>
<b>Total non-current assets</b>	<b>15,166,148,064</b>	14,897,886,664
	<hr/> <hr/>	<hr/> <hr/>
<b>Total assets</b>	<b>30,403,497,132</b>	29,865,845,423
	<hr/> <hr/>	<hr/> <hr/>

<b>Items</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>Current liabilities:</b>		
Short-term borrowings	<b>4,644,875,804</b>	4,255,037,518
Borrowings from the central bank		
Customer and interbank deposits		
Borrowing from interbank		
Financial liabilities at fair value through profit or loss	<b>8,495,213</b>	
Derivative financial liabilities		
Notes payable	<b>918,394,972</b>	613,982,362
Accounts payable	<b>1,187,673,789</b>	1,300,220,344
Advances from customers	<b>29,528,277</b>	21,435,585
Amount from sales of repurchased financial assets		
Bank charges and commissions due		
Employee benefits payable	<b>233,612,927</b>	420,291,759
Taxes payable	<b>410,186,882</b>	558,062,870
Interest payable	<b>21,432,953</b>	15,286,048
Dividends payable		
Other payables	<b>953,338,862</b>	1,090,612,474
Reinsurance accounts payable		
Provisions for insurance contracts		
Customer deposits for trading in securities		
Amounts due to issuer for securities underwriting		
Liabilities of disposal groups classified as held-for-sale		
Non-current liabilities due within one year	<b>808,000,000</b>	808,000,000
Other current liabilities	<b>304,925,971</b>	608,604,575
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<b>Total current liabilities</b>	<b>9,520,465,650</b>	<b>9,691,533,535</b>
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<b>Items</b>	<b>Closing balance</b>	Opening balance
<b>Non-current liabilities:</b>		
Long-term borrowings	<b>776,000,000</b>	776,000,000
Debtentures payables	<b>797,852,634</b>	797,530,999
Including: Preference shares		
Perpetual liabilities		
Long-term payables		
Long-term salaries payable		
Specific payables		
Accrued liabilities		
Deferred income	<b>478,268,161</b>	481,827,522
Deferred tax liabilities	<b>82,769,899</b>	80,407,573
Other non-current liabilities		
	-----	-----
<b>Total non-current liabilities</b>	<b><u>2,134,890,694</u></b>	<b><u>2,135,766,094</u></b>
<b>Total liabilities</b>	<b><u>11,655,356,344</u></b>	<b><u>11,827,299,629</u></b>

<b>Items</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>Owners' equity</b>		
Share capital	<b>2,508,617,532</b>	2,508,617,532
Other equity instruments		
Including: Preference shares		
Perpetual liabilities		
Capital surplus	<b>6,228,753,097</b>	6,228,753,097
Less: inventory shares		
Other comprehensive income	<b>108,601,061</b>	91,038,123
Special reserve		
Surplus reserve	<b>1,634,319,463</b>	1,634,319,463
General risk reserve		
Undistributed profits	<b>8,263,768,372</b>	7,570,889,309
	<u><b>18,744,059,525</b></u>	<u>18,033,617,524</u>
<b>Total equity attributable to equity holders of the Company</b>		
Minority interests	<b>4,081,263</b>	4,928,270
	<u><b>18,748,140,788</b></u>	<u>18,038,545,794</u>
<b>Total owners' equity</b>		
	<u><b>30,403,497,132</b></u>	<u>29,865,845,423</u>
<b>Total liabilities and owners' equity</b>		

*Legal representative:*  
**Cho Tak Wong**

*Principal in charge of  
accounting:*  
**Chen Xiangming**

*Head of the Accounting  
Department:*  
**Lin Xuejuan**

## Balance Sheet of the Company

March 31, 2017

Prepared by: Fuyao Glass Industry Group Co., Ltd.

Unit: Yuan    Currency: RMB    Audit Type: Unaudited

Items	Closing balance	Opening balance
<b>Current assets:</b>		
Cash at bank and on hand	7,443,594,797	6,587,731,042
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable	998,892,514	800,076,560
Accounts receivable	465,173,830	361,285,253
Advances to suppliers	25,723,335	23,564,221
Interest receivable		
Dividends receivable	2,360,297,323	213,608,642
Other receivables	10,464,233,299	9,856,598,443
Inventories	427,809,717	426,578,001
Assets of disposal groups classified as held-for-sale		
Non-current assets due within one year	1,380,432	839,850
Other current assets	33,862,158	21,912,456
<b>Total current assets</b>	<b>22,220,967,405</b>	<b>18,292,194,468</b>

<b>Items</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>Non-current assets:</b>		
Available-for sale financial assets		
Held-to-maturity investments		
Long-term receivables	<b>154,544,320</b>	155,388,800
Long-term equity investments	<b>5,642,026,761</b>	5,554,988,875
Investment properties		
Fixed assets	<b>586,350,460</b>	616,052,406
Construction in progress	<b>81,208,921</b>	40,770,551
Construction materials		
Fixed assets pending for disposal		
Bearer biological assets		
Oil and gas assets		
Intangible assets	<b>60,886,141</b>	57,781,176
Development costs		
Goodwill	<b>48,490,007</b>	48,490,007
Long-term prepaid expenses	<b>15,473,058</b>	17,335,425
Deferred tax assets	<b>4,114,342</b>	5,892,522
Other non-current assets		
	<hr/>	<hr/>
<b>Total non-current assets</b>	<b>6,593,094,010</b>	<b>6,496,699,762</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Total assets</b>	<b>28,814,061,415</b>	<b>24,788,894,230</b>
	<hr/> <hr/>	<hr/> <hr/>

<b>Items</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>Current liabilities:</b>		
Short-term borrowings	<b>1,370,435,304</b>	426,672,868
Financial liabilities at fair value through profit or loss	<b>6,870,000</b>	
Derivative financial liabilities		
Notes payable	<b>2,218,205,186</b>	2,123,644,487
Accounts payable	<b>154,579,119</b>	196,871,770
Advances from customers	<b>233,629,845</b>	157,361,156
Employee benefits payable	<b>40,676,390</b>	102,322,228
Taxes payable	<b>122,752,662</b>	147,655,124
Interest payable	<b>20,597,762</b>	12,384,795
Dividends payable		
Other payables	<b>5,948,632,045</b>	4,807,963,309
Liabilities of disposal groups classified as held-for-sale		
Non-current liabilities due within one year	<b>808,000,000</b>	808,000,000
Other current liabilities	<b>304,925,971</b>	608,604,575
	<hr/>	<hr/>
<b>Total current liabilities</b>	<b><u>11,229,304,284</u></b>	<b><u>9,391,480,312</u></b>

<b>Items</b>	<b>Closing balance</b>	Opening balance
<b>Non-current liabilities:</b>		
Long-term borrowings	<b>776,000,000</b>	776,000,000
Debtentures payables	<b>797,852,634</b>	797,530,999
Including: Preference shares		
Perpetual liabilities		
Long-term payables		
Long-term salaries payable		
Specific payables		
Accrued liabilities		
Deferred income	<b>28,604,388</b>	27,189,358
Deferred tax liabilities	<b>37,028,297</b>	35,782,179
Other non-current liabilities		
	-----	-----
<b>Total non-current liabilities</b>	<b><u>1,639,485,319</u></b>	<b><u>1,636,502,536</u></b>
<b>Total liabilities</b>	<b><u>12,868,789,603</u></b>	<b><u>11,027,982,848</u></b>

<b>Items</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>Owners' equity:</b>		
Share capital	<b>2,508,617,532</b>	2,508,617,532
Other equity instruments		
Including: Preference shares		
Perpetual liabilities		
Capital surplus	<b>6,202,552,740</b>	6,202,552,740
Less: inventory shares		
Other comprehensive income		
Special reserve		
Surplus reserve	<b>1,634,319,463</b>	1,634,319,463
Undistributed profits	<b>5,599,782,077</b>	3,415,421,647
	<hr/>	<hr/>
<b>Total owners' equity</b>	<b>15,945,271,812</b>	13,760,911,382
	<hr/> <hr/>	<hr/> <hr/>
<b>Total liabilities and owners' equity</b>	<b>28,814,061,415</b>	24,788,894,230
	<hr/> <hr/>	<hr/> <hr/>

*Legal representative:*  
**Cho Tak Wong**

*Principal in charge of  
accounting:*  
**Chen Xiangming**

*Head of the Accounting  
Department:*  
**Lin Xuejuan**

## Consolidated Income Statement

January to March 2017

Prepared by: Fuyao Glass Industry Group Co., Ltd.

Unit: Yuan Currency: RMB Audit Type: Unaudited

Items	Amount for the current period	Amount for the corresponding period of previous year
<b>I. Total operating revenue</b>	<b>4,197,598,309</b>	3,567,039,473
Including: Operating revenue	<b>4,197,598,309</b>	3,567,039,473
Interest income		
Premiums earned		
Income from handling fees and commissions		
<b>II. Total cost of sales</b>	<b>3,343,866,027</b>	2,860,666,862
Including: Cost of sales	<b>2,344,169,420</b>	1,991,303,838
Interest expenses		
Handling fees and commissions expenses		
Surrender payment		
Net expenditure for compensation payment		
Net provisions for insurance contracts		
Expenditure for insurance policy dividend		
Reinsurance cost		
Taxes and surcharges	<b>47,680,613</b>	32,750,204
Selling and distribution expenses	<b>314,753,365</b>	285,242,655
General and administrative expenses	<b>609,978,100</b>	500,257,443
Financial expenses	<b>26,025,477</b>	49,545,355
Asset impairment losses	<b>1,259,052</b>	1,567,367
Add: Profit arising from changes in fair value (losses are represented by "-")	<b>-3,576,480</b>	-1,676,009
Investment income (losses are represented by "-")	<b>-168,647</b>	1,089,746
Including: Share in profit of associates and joint ventures	<b>-168,647</b>	1,089,746
Gains from foreign exchange (losses are represented by "-")		

<b>Items</b>	<b>Amount for the current period</b>	Amount for the corresponding period of previous year
<b>III. Operating profit (losses are represented by “-”)</b>	<b>849,987,155</b>	705,786,348
Add: Non-operating income	<b>26,774,830</b>	8,699,079
Including: Gains on disposal of non-current assets	<b>97,157</b>	93,623
Less: Non-operating expenses	<b>14,652,169</b>	3,988,416
Including: Losses on disposal of non-current assets	<b>14,445,250</b>	3,424,351
<b>IV. Total Profit (total losses are represented by “-”)</b>	<b>862,109,816</b>	710,497,011
Less: Income tax expenses	<b>170,077,760</b>	128,121,996
<b>V. Net Profit (losses are represented by “-”)</b>	<b>692,032,056</b>	582,375,015
Profit attributable to the equity holders of the Company	<b>692,879,063</b>	583,071,294
Minority controlling interest	<b>-847,007</b>	-696,279
<b>VI. Net amount of other comprehensive income after tax</b>	<b>17,562,938</b>	15,298,734
Net amount of other comprehensive income after tax attributable to the equity holders of the Company	<b>17,562,938</b>	15,298,734
(I) Other comprehensive income which will not be reclassified subsequently to gain or loss		
1. Changes in re-measurement of net liabilities or net assets of defined benefit plans		
2. Shares in other comprehensive income which will not be reclassified into profit and loss of investee entities under the equity method		

<b>Items</b>	<b>Amount for the current period</b>	Amount for the corresponding period of previous year
(II) Other comprehensive income which will be reclassified subsequently to gain or loss	<b>17,562,938</b>	15,298,734
1. Shares in other comprehensive income which will be reclassified into profit and loss of investee entities under equity method		
2. Gain or loss from changes in fair value of available-for-sale financial assets		
3. Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets		
4. Valid part of profit and loss from hedging cash flow		
5. Difference on translation of foreign financial statements	<b>17,562,938</b>	15,298,734
6. Others		
Net amount of other comprehensive income after tax attributable to minority interest		
<b>VII. Total comprehensive income</b>	<b>709,594,994</b>	597,673,749
Total comprehensive income attributable to the equity holders of the Company	<b>710,442,001</b>	598,370,028
Total comprehensive income attributable to minority shareholders	<b>-847,007</b>	-696,279
<b>VIII. Earnings per share</b>		
(1) Basic earnings per share ( <i>RMB/share</i> )	<b>0.28</b>	0.23
(2) Diluted earnings per share ( <i>RMB/share</i> )	<b>0.28</b>	0.23

For the merger of enterprise under common control during the period, the net profit recorded by the merged party before the merger is RMB0, and the net profit recorded by the merged party in the previous period is RMB0.

<i>Legal representative:</i>	<i>Principal in charge of accounting:</i>	<i>Head of the Accounting Department:</i>
<b>Cho Tak Wong</b>	<b>Chen Xiangming</b>	<b>Lin Xuejuan</b>

## Income Statement of the Company

January to March 2017

Prepared by: Fuyao Glass Industry Group Co., Ltd.

Unit: Yuan Currency: RMB Audit Type: Unaudited

Items	Amount for the current period	Amount for the corresponding period of previous year
<b>I. Operating revenue</b>	<b>991,685,651</b>	1,191,673,793
Less: Cost of sales	<b>916,761,889</b>	1,028,380,605
Taxes and surcharges	<b>4,758,344</b>	4,033,231
Selling and distribution expenses	<b>50,440,067</b>	56,138,315
General and administrative expenses	<b>97,265,279</b>	80,708,298
Financial expenses	<b>19,626,471</b>	41,299,868
Asset impairment losses	<b>557,690</b>	1,395,606
Add: Profit arising from changes in fair value (losses are represented by "-")		675,290
Investment income (losses are represented by "-")	<b>2,282,822,787</b>	1,730,954,198
Including: Share in profit of associates and joint ventures	<b>724,596</b>	1,089,746
<b>II. Operating profit (losses are represented     by "-")</b>	<b>2,185,098,698</b>	1,711,347,358
Add: Non-operating income	<b>2,604,196</b>	995,623
Including: Gains on disposal of non-current assets		16,548
Less: Non-operating expenses	<b>318,167</b>	1,657,990
Including: Losses on disposal of non-current assets	<b>318,167</b>	1,649,022
<b>III. Total Profit (total losses are     represented by "-")</b>	<b>2,187,384,727</b>	1,710,684,991
Less: Income tax expenses	<b>3,024,297</b>	2,783,970
<b>IV. Net Profit (net losses are represented     by "-")</b>	<b>2,184,360,430</b>	1,707,901,021

<b>Items</b>	<b>Amount for the current period</b>	<b>Amount for the corresponding period of previous year</b>
<b>V. Net amount of other comprehensive income after tax</b>		
(I) Other comprehensive income which will not be reclassified subsequently to gain or loss		
1. Changes in re-measurement of net liabilities or net assets of defined benefit plans		
2. Shares in other comprehensive income which will not be reclassified into profit and loss of investee entities under the equity method		
(II) Other comprehensive income which will be reclassified subsequently to gain or loss		
1. Shares in other comprehensive income which will be reclassified into profit and loss of investee entities under equity method		
2. Gain or loss from changes in fair value of available-for-sale financial assets		
3. Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets		
4. Valid part of profit and loss from hedging cash flow		
5. Difference on translation of foreign financial statements		
6. Others		
<b>VI. Total comprehensive income</b>	<b>2,184,360,430</b>	1,707,901,021
<b>VII. Earnings per share:</b>		
(1) Basic earnings per share ( <i>RMB/share</i> )	<b>Not applicable</b>	Not applicable
(2) Diluted earnings per share ( <i>RMB/share</i> )	<b>Not applicable</b>	Not applicable

<i>Legal representative:</i>	<i>Principal in charge of accounting:</i>	<i>Head of the Accounting Department:</i>
<b>Cho Tak Wong</b>	<b>Chen Xiangming</b>	<b>Lin Xuejuan</b>

## Consolidated Cash Flow Statement

January to March 2017

Prepared by: Fuyao Glass Industry Group Co., Ltd.

Unit: Yuan Currency: RMB Audit Type: Unaudited

Items	Amount for the current period	Amount for the corresponding period of previous year
<b>I. Cash flows from operating activities:</b>		
Cash received from sale of goods or rendering of services	<b>5,188,972,399</b>	3,826,823,060
Net increase in customer and interbank deposits		
Net increase in borrowing from the central bank		
Net increase in intra-bank borrowing from other financial institutions		
Cash received from premiums under original insurance contract		
Net cash received from reinsurance business		
Net increase in deposits of policy holders and investment		
Net increase in disposal of financial assets at fair value and its changes are calculated into profit or loss in the current period		
Cash received from interest, fees and commissions		
Net increase in borrowings from interbank		
Net increase in cash received from repurchase business		
Refund of taxes and surcharges	<b>56,272,360</b>	36,231,893
Cash received relating to other operating activities	<b>57,178,068</b>	22,102,132
<b>Sub-total of cash inflows from operating activities</b>	<b><u>5,302,422,827</u></b>	<b><u>3,885,157,085</u></b>

<b>Items</b>	<b>Amount for the current period</b>	Amount for the corresponding period of previous year
Cash paid for goods and services	<b>2,651,604,112</b>	2,045,989,694
Net increase in customer loans and advance		
Net increase in deposits in the central bank and interbank deposits		
Cash paid for compensation payments under original insurance contract		
Cash paid for interest, fees and commissions		
Cash paid for insurance policy dividend		
Cash paid to and on behalf of employees	<b>986,043,232</b>	764,501,615
Payments of taxes and surcharges	<b>558,765,495</b>	438,049,952
Cash paid relating to other operating activities	<b>53,674,521</b>	41,596,480
<b>Sub-total of cash outflows from operating activities</b>	<b><u>4,250,087,360</u></b>	<b><u>3,290,137,741</u></b>
<b>Net cash flows from operating activities</b>	<b><u>1,052,335,467</u></b>	<b><u>595,019,344</u></b>
 <b>II. Cash flows from investing activities:</b>		
Cash received from disposal of investments		
Cash received from returns on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	<b>11,858,878</b>	10,436,645
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities	<b>3,521,710</b>	1,000,000
<b>Sub-total of cash inflows from investing activities</b>	<b><u>15,380,588</u></b>	<b><u>11,436,645</u></b>

<b>Items</b>	<b>Amount for the current period</b>	Amount for the corresponding period of previous year
Cash paid to acquire fixed assets, intangible assets and other long-term assets	<b>695,352,632</b>	887,488,998
Cash paid to acquire investments		
Net increase in secured loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid relating to other investing activities	<b>300,000,000</b>	
<b>Sub-total of cash outflows from investing activities</b>	<b><u>995,352,632</u></b>	<b><u>887,488,998</u></b>
<b>Net cash flows from investing activities</b>	<b><u>-979,972,044</u></b>	<b><u>-876,052,353</u></b>
<b>III. Cash flows from financing activities:</b>		
Cash received from capital contributions Including: Cash received from capital contributions by minority shareholders of subsidiaries		
Cash received from borrowings	<b>1,546,645,436</b>	1,624,436,869
Cash received from issuance of debentures		
Cash received relating to other financing activities		300,000,000
<b>Sub-total of cash inflows from financing activities</b>	<b><u>1,546,645,436</u></b>	<b><u>1,924,436,869</u></b>

<b>Items</b>	<b>Amount for the current period</b>	Amount for the corresponding period of previous year
Cash repayments of borrowings	<b>1,456,807,150</b>	969,850,397
Cash payments for interest expenses and distribution of dividends or profits	<b>33,591,896</b>	28,141,295
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries		
Cash payment relating to other financing activities		1,135,849
<b>Sub-total of cash outflows from financing activities</b>	<b><u>1,490,399,046</u></b>	<b><u>999,127,541</u></b>
<b>Net cash flows from financing activities</b>	<b><u>56,246,390</u></b>	<b><u>925,309,328</u></b>
<b>IV. Effect of fluctuations in exchange rates on cash and cash equivalents</b>	<b>-32,948,311</b>	-27,653,747
<b>V. Net increase in cash and cash equivalents</b>	<b>95,661,502</b>	616,622,572
Add: Cash and cash equivalents balance at the beginning of the period	<b>7,198,834,331</b>	5,906,233,126
<b>VI. Cash and cash equivalents balance at the end of the period</b>	<b><u>7,294,495,833</u></b>	<b><u>6,522,855,698</u></b>

*Legal representative:*  
**Cho Tak Wong**

*Principal in charge of  
accounting:*  
**Chen Xiangming**

*Head of the Accounting  
Department:*  
**Lin Xuejuan**

**Cash Flow Statement of the Company**  
*January to March 2017*

Prepared by: Fuyao Glass Industry Group Co., Ltd.

*Unit: Yuan Currency: RMB Audit Type: Unaudited*

<b>Items</b>	<b>Amount for the current period</b>	Amount for the corresponding period of previous year
<b>I. Cash flows from operating activities:</b>		
Cash received from sale of goods or rendering of services	<b>828,653,998</b>	826,561,532
Refund of taxes and surcharges	<b>50,534,106</b>	27,263,742
Cash received relating to other operating activities	<b>662,548,738</b>	220,216,897
<b>Sub-total of cash inflows from operating activities</b>	<b><u>1,541,736,842</u></b>	<b><u>1,074,042,171</u></b>
Cash paid for goods and services	<b>1,025,139,005</b>	822,355,700
Cash paid to and on behalf of employees	<b>134,271,707</b>	129,403,034
Payments of taxes and surcharges	<b>31,536,824</b>	33,065,128
Cash paid relating to other operating activities	<b>88,690,959</b>	62,643,203
<b>Sub-total of cash outflows from operating activities</b>	<b><u>1,279,638,495</u></b>	<b><u>1,047,467,065</u></b>
<b>Net cash flows from operating activities</b>	<b><u>262,098,347</u></b>	<b><u>26,575,106</u></b>

<b>Items</b>	<b>Amount for the current period</b>	Amount for the corresponding period of previous year
<b>II. Cash flows from investing activities:</b>		
Cash received from disposal of investments		
Cash received from returns on investments	<b>135,409,511</b>	
Net cash received from disposal of fixed assets, intangible assets and other long- term assets	<b>323,175</b>	232,532
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities		
	<hr/>	<hr/>
<b>Sub-total of cash inflows from investing activities</b>	<b>135,732,686</b>	<b>232,532</b>
	<hr/> <hr/>	<hr/> <hr/>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	<b>52,731,893</b>	11,599,265
Cash paid to acquire investments	<b>86,313,289</b>	
Net cash paid to acquire subsidiaries and other business units		
Cash paid relating to other investing activities	<b>300,000,000</b>	
	<hr/>	<hr/>
<b>Sub-total of cash outflows from investing activities</b>	<b>439,045,182</b>	<b>11,599,265</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Net cash flows from investing activities</b>	<b>-303,312,496</b>	<b>-11,366,733</b>
	<hr/> <hr/>	<hr/> <hr/>

<b>Items</b>	<b>Amount for the current period</b>	<b>Amount for the corresponding period of previous year</b>
<b>III. Cash flows from financing activities:</b>		
Cash received from capital contributions		
Cash received from borrowings	<b>1,301,902,701</b>	274,014,729
Cash received relating to other financing activities		300,000,000
	<hr/>	<hr/>
<b>Sub-total of cash inflows from financing activities</b>	<b><u>1,301,902,701</u></b>	<b><u>574,014,729</u></b>
Cash repayments of borrowings	<b>658,140,265</b>	218,903,397
Cash payments for interest expenses and distribution of dividends or profits	<b>13,460,506</b>	10,742,167
Cash payment relating to other financing activities		1,135,849
	<hr/>	<hr/>
<b>Sub-total of cash outflows from financing activities</b>	<b><u>671,600,771</u></b>	<b><u>230,781,413</u></b>
<b>Net cash flows from financing activities</b>	<b><u>630,301,930</u></b>	<b><u>343,233,316</u></b>
<b>IV. Effect of fluctuations in exchange rates on cash and cash equivalents</b>	<b>-33,224,026</b>	-28,122,143
<b>V. Net increase in cash and cash equivalents</b>	<b>555,863,755</b>	330,319,546
Add: Cash and cash equivalents balance at the beginning of the period	<b>6,587,731,042</b>	5,809,618,357
<b>VI. Cash and cash equivalents balance at the end of the period</b>	<b><u>7,143,594,797</u></b>	<b><u>6,139,937,903</u></b>

*Legal representative:*  
**Cho Tak Wong**

*Principal in charge of  
accounting:*  
**Chen Xiangming**

*Head of the Accounting  
Department:*  
**Lin Xuejuan**

#### **4.2 Audit Report**

Not applicable