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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Fuyao Glass Industry Group Co., Ltd.**, you should at once hand this circular, together with the accompanying proxy form and the reply slip, to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)**

### **THE 2018 ANNUAL GENERAL MEETING**

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The 2018 AGM of Fuyao Glass Industry Group Co., Ltd. will be held in the Company's conference room located at Fuyao Industrial Zone, Rongqiao Economic & Technological Development Zone, Fuqing City, Fujian Province, the PRC at 2:00 p.m. on Tuesday, May 14, 2019. Notice of the AGM is set out on pages 42 to 46 of this circular.

Whether or not you are attending the AGM, you are requested to read the notice of the AGM and complete and return the proxy form attached to this circular in accordance with the instructions printed thereon as soon as possible. To be valid, H Shareholders shall return the proxy form or other authorization documents to the Company's H Share Registrar in Hong Kong, namely Computershare Hong Kong Investor Services Limited, and in any event not less than 24 hours before the time appointed for holding of the AGM (i.e. before 2:00 p.m., Monday, May 13, 2019) or any adjournment thereof by hand or by post. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or at any adjournment thereof should you so wish.

Should you intend to attend the AGM in person or by proxy, you are requested to complete the reply slip attached to this circular in accordance with the instructions printed thereon and return the same to the Company's H Share Registrar in Hong Kong, namely Computershare Hong Kong Investor Services Limited, on or before Tuesday, April 23, 2019 (if you are an H Shareholder).

References to dates and times in this circular are to Hong Kong dates and times.

March 26, 2019

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS</b> .....	ii
<b>LETTER FROM THE BOARD</b> .....	1
<b>APPENDIX I WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2018</b> .....	26
<b>APPENDIX II WORK REPORT OF INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR 2018</b> .....	30
<b>NOTICE OF THE 2018 ANNUAL GENERAL MEETING</b> .....	42

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## DEFINITIONS

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In this circular, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“A Share(s)”	the domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed on the SSE and traded in RMB
“A Shareholder(s)”	holder(s) of the A Shares
“AGM”	the 2018 annual general meeting of the Company to be held at 2:00 p.m. on Tuesday, May 14, 2019
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“Board” or “Board of Directors”	the board of Directors of the Company
“Company”	Fuyao Glass Industry Group Co., Ltd., a joint stock company incorporated in the PRC with limited liability, whose H Shares and A Shares are listed on the Main Board of the Hong Kong Stock Exchange and the SSE, respectively
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Share(s)”	the overseas listed foreign shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“H Shareholder(s)”	holder(s) of the H Shares
“HK\$” or “HKD” or “HK dollars” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“independent third party”	a person or entity who is not considered as a connected person of the Company under the Listing Rules
“Latest Practicable Date”	March 18, 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
“PRC” or “China”	the People’s Republic of China, and for the purposes of this circular only, excluding Hong Kong, Macao Special Administrative Region and Taiwan region
“Reporting Period”	for the period from January 1, 2018 to December 31, 2018
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	shares of the Company with a nominal value of RMB1.00 each, comprising the A Shares and H Shares
“Shareholder(s)”	the shareholders of the Company, including the A Shareholders and the H Shareholders
“SSE”	Shanghai Stock Exchange
“Supervisors”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Cho Tak Wong (*Chairman of the Board*)

Mr. Chen Xiangming

Ms. Sun Yiqun

*Non-executive Directors:*

Mr. Tso Fai (*Vice Chairman of the Board*)

Mr. Wu Shinong

Ms. Zhu Dezhen

*Independent Non-executive Directors:*

Ms. Cheung Kit Man Alison

Ms. Liu Xiaozhi

Mr. Wu Yuhui

*Registered office and principal place of  
business in PRC:*

Fuyao Industrial Zone

Rongqiao Economic & Technological  
Development Zone

Fuqing City

Fujian Province

the PRC

*Principal place of business in Hong Kong:*

Room 1907

Shun Tak Centre West Tower

200 Connaught Road

Central

Hong Kong

*To the Shareholders*

Dear Sir/Madam,

### **THE 2018 ANNUAL GENERAL MEETING**

#### **1. INTRODUCTION**

On behalf of the Board of Directors, I hereby invite you to attend the AGM to be held in the Company's conference room located at Fuyao Industrial Zone, Rongqiao Economic & Technological Development Zone, Fuqing City, Fujian Province, the PRC at 2:00 p.m. on Tuesday, May 14, 2019.

The purpose of this circular is to give the notice of the AGM and to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the relevant resolutions at the AGM.

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## LETTER FROM THE BOARD

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### 2. MATTERS TO BE DEALT WITH AT THE AGM

Ordinary resolutions proposed to be approved by the Shareholders at the AGM include:

- (1) Work Report of the Board of Directors for the Year 2018
- (2) Work Report of the Supervisory Committee for the Year 2018
- (3) Final Financial Report for the Year 2018
- (4) Profit Distribution Plan for the Year 2018
- (5) 2018 Annual Report and Summary of Annual Report
- (6) Resolution on the Service Charges by PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) in relation to the Provision of Audit Services of the Financial Statements and Internal Control Audit of the Company for the Year 2018 and the Re-appointment of PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) as the Domestic Audit Institution and Internal Control Audit Institution of the Company for the Year 2019
- (7) Resolution on the Service Charges by PricewaterhouseCoopers in relation to the Provision of Audit Services of the Financial Statements for the Year 2018 and the Re-appointment of PricewaterhouseCoopers as the Overseas Audit Institution of the Company for the Year 2019
- (8) Work Report of Independent Non-executive Directors for the Year 2018
- (9) Resolution on Maintenance of Liability Insurance by the Company for Directors, Supervisors and Senior Management

Special resolutions proposed to be approved by the Shareholders at the AGM include:

- (10) Resolution on Amendments to the Articles of Association
- (11) Resolution on Issuance of Medium-term Notes
- (12) Resolution on Issuance of Ultra Short-term Financing Notes by the Company

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## LETTER FROM THE BOARD

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### 3. WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2018

The work report of the Board of Directors for the year 2018 will be presented at the AGM to be approved by way of ordinary resolution. The full text of the work report of the Board of Directors for the year 2018 is set out in the two sections headed “Report of the Board of Directors” and “Management Discussion and Analysis” of the 2018 annual report of the Company, which has been dispatched together with this circular.

### 4. WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2018

The work report of the Supervisory Committee for the year 2018 will be presented at the AGM to be approved by way of ordinary resolution. The work report of the Supervisory Committee for the year 2018 is set out in Appendix I to this circular.

### 5. FINAL FINANCIAL REPORT FOR THE YEAR 2018

According to the consolidated financial statements of the Company for the year 2018, the principal accounting information and financial indicators of the Company for the year 2018 are as follows:

#### 5.1 The financial position of the Company for the year 2018

##### *5.1.1 Assets and liabilities (prepared in accordance with the China Accounting Standards for Business Enterprises):*

As at the end of the Reporting Period, the total assets of the Company amounted to RMB34,490 million (2017: RMB31,704 million), representing an increase of 8.79% as compared with the beginning of the year, among which, current assets amounted to RMB15,581 million (2017: RMB15,006 million) and non-current assets amounted to RMB18,909 million (2017: RMB16,698 million).

Total liabilities amounted to RMB14,301 million (2017: RMB12,699 million), representing an increase of 12.61% as compared with the beginning of the year, among which, current liabilities amounted to RMB12,357 million (2017: RMB9,652 million) and non-current liabilities amounted to RMB1,943 million (2017: RMB3,047 million).

Shareholder’s equity amounted to RMB20,190 million (2017: RMB19,005 million), representing an increase of 6.23% as compared with the beginning of the year, among which, equity attributable to shareholders of the parent company amounted to RMB20,191 million (2017: RMB19,001 million).

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## LETTER FROM THE BOARD

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### ***5.1.2 Assets and liabilities (prepared in accordance with the International Financial Reporting Standards):***

As at the end of the Reporting Period, the total assets of the Company amounted to RMB34,503 million (2017: RMB31,717 million), representing an increase of 8.78% as compared with the beginning of the year, among which, current assets amounted to RMB15,581 million (2017: RMB15,006 million) and non-current assets amounted to RMB18,922 million (2017: RMB16,711 million).

Total liabilities amounted to RMB14,301 million (2017: RMB12,699 million), representing an increase of 12.61% as compared with the beginning of the year, among which, current liabilities amounted to RMB12,405 million (2017: RMB9,679 million) and non-current liabilities amounted to RMB1,896 million (2017: RMB3,020 million).

Shareholder's equity amounted to RMB20,203 million (2017: RMB19,019 million), representing an increase of 6.23% as compared with the beginning of the year, among which, equity attributable to shareholders of the parent company amounted to RMB20,204 (2017: RMB19,014 million).

## **5.2 Operating results of the Company for the year 2018**

### ***5.2.1 Operating revenue, gross profit and gross profit margin***

According to the China Accounting Standards for Business Enterprises, the operating revenue of the Company for the year 2018 amounted to RMB20,225 million (2017: RMB18,713 million), representing an increase of 8.08% as compared with last year; gross profit amounted to RMB8,622 million (2017: RMB8,000 million), representing an increase of 7.77% as compared with last year; gross profit margin was 42.63% (2017: 42.75%), representing a decrease of 0.12 percentage point as compared with that of last year.

According to the International Financial Reporting Standards, the revenue of the Company for the year 2018 amounted to RMB20,225 million (2017: RMB18,716 million), representing an increase of 8.06% as compared with last year; gross profit amounted to RMB8,397 million (2017: RMB7,798 million), representing an increase of 7.68% as compared with last year; gross profit margin was 41.52% (2017: 41.66%), representing a decrease of 0.15 percentage point as compared with that of last year.

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## LETTER FROM THE BOARD

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### **5.2.2 Expenses**

According to the China Accounting Standards for Business Enterprises, the selling expenses, administrative expenses and research expenses of the Company for the year 2018 amounted to RMB4,418 million in aggregate, accounting for 21.85% of the operating revenue and representing an increase of 1.14 percentage points as compared with that of last year.

According to the International Financial Reporting Standards, the selling expenses, administrative expenses and research expenses of the Company for the year 2018 amounted to RMB4,427 million in aggregate, accounting for 21.89% of the revenue and representing an increase of 1.15 percentage points as compared with that of last year.

### **5.2.3 Net profit attributable to the owners of the parent company**

According to the China Accounting Standards for Business Enterprises, the net profit attributable to the owners of the parent company for the year 2018 amounted to RMB4,120 million (2017: RMB3,149 million), representing an increase of 30.86% as compared with last year whereas the basic earnings per share amounted to RMB1.64 (2017: RMB1.26).

According to the International Financial Reporting Standards, the net profit attributable to the shareholders of the parent company for the year 2018 amounted to RMB4,120 million (2017: RMB3,148 million), representing an increase of 30.87% as compared with last year whereas the basic earnings per share amounted to RMB1.64 (2017: RMB1.25).

### **5.3 Cash flow of the Company for the year 2018**

According to the China Accounting Standards for Business Enterprises, the net cash inflow from operating activities of the Company for the year 2018 amounted to RMB5,808 million (2017: net cash inflow of RMB4,924 million); the net cash outflow for investment activities amounted to RMB3,328 million (2017: net cash outflow of RMB3,642 million); the net cash outflow for financing activities amounted to RMB3,080 million (2017: net cash outflow of RMB1,456 million).

According to the International Financial Reporting Standards, the net cash inflow from operating activities of the Company for the year 2018 amounted to RMB5,451 million (2017: net cash inflow of RMB4,658 million); the net cash outflow for investment activities amounted to RMB2,971 million (2017: net cash outflow of RMB3,376 million); the net cash outflow for financing activities amounted to RMB3,080 million (2017: net cash outflow of RMB1,456 million).

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## LETTER FROM THE BOARD

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### 5.4 The differences between the China Accounting Standards for Business Enterprises and the International Financial Reporting Standards

The differences of the net profit and the net assets attributable to the shareholders of the Company in the financial report prepared in accordance with the China Accounting Standards for Business Enterprises and the International Financial Reporting Standards, respectively, are as follows:

*Unit: Yuan Currency: RMB*

	Net profit		Net assets attributable to the shareholders of the Company	
	Amount for the Reporting Period	Amount for the corresponding period of previous year	Amount at the end of the Reporting Period	Amount at the beginning of the Reporting Period
Under the China Accounting Standards for Business Enterprises	4,120,487,402	3,148,748,043	20,190,906,192	19,000,835,533
Adjustments to items and amounts in accordance with the International Financial Reporting Standards:				
Reversal of the impairment of buildings and land use rights and relevant differences between depreciation and amortization	-552,528	-527,121	12,802,236	13,354,764
Under the International Financial Reporting Standards	4,119,934,874	3,148,220,922	20,203,708,428	19,014,190,297

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## LETTER FROM THE BOARD

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### 6. PROFIT DISTRIBUTION PLAN FOR THE YEAR 2018

As audited by PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership), the net profit attributable to the shareholders of ordinary shares of the parent company for the year 2018 recorded in the consolidated financial statements, which was prepared in accordance with the China Accounting Standards for Business Enterprises, amounted to RMB4,120,487,402. As audited by PricewaterhouseCoopers, the net profit attributable to the shareholders of ordinary shares of the parent company for the year 2018 recorded in the consolidated financial statements, which was prepared in accordance with the International Financial Reporting Standards, amounted to RMB 4,119,934,874.

As audited by PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership), the net profit recorded in the financial statements of the parent company for the year 2018, which was prepared in accordance with the China Accounting Standards for Business Enterprises, amounted to RMB4,375,399,432, adding the undistributed profits of RMB4,040,478,079 at the beginning of the year 2018 as retrospectively adjusted under the new revenue standard, deducting the RMB1,881,463,149 as profits distributed for the year 2017 and the RMB1,003,447,013 as profits distributed for the half year of 2018, and after allocating 10% of the net profit of the parent company of the year 2018 to the statutory surplus reserve, which amounted to RMB437,539,943, the profits distributable to the Shareholders as of December 31, 2018 amounted to RMB5,093,427,406.

The profit distribution plan for the year 2018 proposed by the Company is as follows: cash dividends of RMB7.5 per 10 Shares (tax inclusive) will be distributed based on the total issued Shares of 2,508,617,532 Shares of the Company as of December 31, 2018 for A Shareholders and H Shareholders whose names appear on the register of members on the record date of the declaration of cash dividend for the year 2018, with the total dividends amounting to RMB1,881,463,149 and the remaining balance to be reserved for further distribution in the following year. The Company will not issue bonus shares or carry out conversion of capital reserve into share capital for the year 2018. The cash dividends distributed by the Company are denominated and declared in RMB and payable in RMB to A Shareholders, and in HKD to H Shareholders.

The Board has approved the appointment of Computershare Hong Kong Trustees Limited as an agent of the Company to distribute and deal with the dividends of the Company declared to the H Shareholders on behalf of the Company. The Board has approved to authorize the general manager and the chief financial officer of the Company to jointly execute and implement matters related to distribution of dividends, execute relevant legal documents in relation to distribution of dividends, and handle all relevant matters on behalf of the Company, provided that the profit distribution plan for the year 2018 is approved at the AGM.

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## LETTER FROM THE BOARD

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### 7. 2018 ANNUAL REPORT AND SUMMARY OF ANNUAL REPORT

The 2018 annual report and summary of annual report will be presented at the AGM to be approved by way of ordinary resolution. The 2018 annual report and summary of annual report were published on the HKEXnews website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the website of the Company (<http://www.fuyaogroup.com>). The 2018 annual report has also been dispatched together with this circular to H Shareholders.

### 8. RESOLUTION ON THE SERVICE CHARGES BY PRICEWATERHOUSECOOPERS ZHONG TIAN LLP (SPECIAL GENERAL PARTNERSHIP) IN RELATION TO THE PROVISION OF AUDIT SERVICES OF THE FINANCIAL STATEMENTS AND INTERNAL CONTROL AUDIT OF THE COMPANY FOR THE YEAR 2018 AND THE RE-APPOINTMENT OF PRICEWATERHOUSECOOPERS ZHONG TIAN LLP (SPECIAL GENERAL PARTNERSHIP) AS THE DOMESTIC AUDIT INSTITUTION AND INTERNAL CONTROL AUDIT INSTITUTION OF THE COMPANY FOR THE YEAR 2019

PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) (hereinafter “**PricewaterhouseCoopers Zhong Tian LLP**”) fulfilled their obligations as the domestic audit institution and internal control audit institution of the Company, followed the principles of independence, objectivity and fairness, and duly accomplished an annual audit assigned by the Company when conducting the audit for the Company. The Company paid to PricewaterhouseCoopers Zhong Tian LLP RMB4.73 million as the remuneration for the audit services for the year 2018, among which, the remuneration in relation to financial statement audit services amounted to RMB3.98 million (for the years 2017 and 2016, such remunerations were RMB3.48 million and RMB3.48 million, respectively) whereas the remuneration in relation to internal control audit services amounted to RMB0.75 million (for the years 2017 and 2016, such remunerations were RMB0.73 million and RMB0.73 million, respectively). In order to ensure the continuity and stability of the external audit work of the Company, as recommended by the audit committee of the Board of the Company, the Board of the Company agreed to re-appoint PricewaterhouseCoopers Zhong Tian LLP as the domestic audit institution and internal control audit institution for the year 2019, with a term of one year. PricewaterhouseCoopers Zhong Tian LLP will audit the 2019 financial statements as well as the effectiveness of the internal control of the Company, and will issue audit reports therefor.

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## LETTER FROM THE BOARD

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**9. RESOLUTION ON THE SERVICE CHARGES BY PRICEWATERHOUSECOOPERS IN RELATION TO THE PROVISION OF AUDIT SERVICES OF THE FINANCIAL STATEMENTS FOR THE YEAR 2018 AND THE RE-APPOINTMENT OF PRICEWATERHOUSECOOPERS AS THE OVERSEAS AUDIT INSTITUTION OF THE COMPANY FOR THE YEAR 2019**

As the overseas audit institution appointed by the Company, PricewaterhouseCoopers fulfilled its obligations, followed the principles of independence, objectivity and fairness, and duly accomplished an annual audit assigned by the Company in the process of the audit for the Company. The Company paid to PricewaterhouseCoopers RMB1.07 million as the remuneration for the audit services provided for the year 2018 (for the years 2017 and 2016, such remunerations were RMB1.04 million and RMB1.04 million, respectively). In order to ensure the continuity and stability of the external audit work of the Company, as recommended by the audit committee of the Board of the Company, the Board of the Company agreed to re-appoint PricewaterhouseCoopers as the overseas audit institution of the Company for the year 2019, with a term of one year.

**10. WORK REPORT OF INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR 2018**

The work report of independent non-executive Directors for the year 2018 will be presented at the AGM to be approved by way of ordinary resolution. The work report of independent non-executive Directors for the year 2018 is set out in Appendix II to this circular.

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## LETTER FROM THE BOARD

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### 11. RESOLUTION ON MAINTENANCE OF LIABILITY INSURANCE BY THE COMPANY FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

In order to protect the rights and interests of Directors, Supervisors and senior management, encourage those relevant responsible persons to duly exercise their rights and perform their duties, promote the healthy development of the Company, as well as strengthen the protection of the legitimate interests of minority shareholders, pursuant to the relevant requirements such as the Code of Corporate Governance for Listed Companies and the Guiding Opinions on the Establishment of the Independent Directorship System by Listed Companies issued by the CSRC, the Board of the Company agreed that the Company shall purchase liability insurance for Directors, Supervisors and senior management. The specific terms for the liability insurance are as follows:

- (1) Policyholder: Fuyao Glass Industry Group Co., Ltd.
- (2) Insured persons: Directors, Supervisors and senior management of the Company.
- (3) Amount insured: no more than US\$70 million per year (including US\$70 million) or the RMB equivalent.
- (4) Total premium: no more than US\$50,000 per year (including US\$50,000) or the RMB equivalent.
- (5) Term: 1 year.

The Board of the Company intends to propose at the AGM to authorize the chairman of the Company within the above authority to handle any matters in relation to the purchase of liability insurance for Directors, Supervisors and senior management (including but not limited to, determining the scope of the insured, the insurance company, the amount insured, the premium and other insurance terms; selecting and appointing an insurance brokerage company or other intermediary agencies; executing relevant legal documents and dealing with other insurance-related issues, etc.) and renew the liability insurance contract or enter into a new liability insurance contract upon or before the expiration of such liability insurance for Directors, Supervisors and senior management.

## LETTER FROM THE BOARD

### 12. RESOLUTION ON AMENDMENTS TO THE ARTICLES OF ASSOCIATION

A resolution was approved by the Board of the Company on March 15, 2019 for the proposed amendments to some provisions of the Articles of Association. In consideration of the update on the provisions for share repurchase in the laws and regulatory requirements recently adopted such as the Company Law of the People's Republic of China (2018 revision) (《中華人民共和國公司法(2018年修正)》), the Code of Corporate Governance for Listed Companies (《上市公司治理準則》) and the Detailed Rules for Implementation of the Buyback of Shares by Listed Companies on the Shanghai Stock Exchange (《上海證券交易所上市公司回購股份實施細則》), the Company proposed the following amendments to the Articles of Association based on its actual situation:

Original article before the amendment	Article after the amendment
<p><b>Article 30</b> The Company may, in the following circumstances, buy back its shares pursuant to laws, administrative regulations, departmental rules and the Articles of Association:</p> <p>(1) To decrease the registered capital of the Company;</p> <p>(2) To merge with another company holding shares<sup>Note</sup> of the Company;</p> <p>(3) To award the employees of the Company with shares;</p> <p>(4) Shareholders object to resolutions passed at the general meeting concerning merger or split-up of the Company, requiring the Company to buy its shares; and</p>	<p><b>Article 30</b> The Company may, <u>in any of</u> the following circumstances, buy back its shares pursuant to laws, administrative regulations, departmental rules and the Articles of Association:</p> <p>(1) To decrease the registered capital of the Company;</p> <p>(2) To merge with another company holding <u>shares</u><sup>Note</sup> of the Company;</p> <p>(3) <u>To utilize the shares for the employee stock ownership scheme or as equity incentives;</u></p> <p>(4) Shareholders object to resolutions passed at the general meeting concerning merger or split-up of the Company, requiring the Company to buy its shares;</p>

*Note: the corresponding wording for "shares" in the Chinese version is changed from 「股票」 to 「股份」.*

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## LETTER FROM THE BOARD

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Original article before the amendment	Article after the amendment
<p>(5) Other circumstances permitted by laws and administrative regulations.</p> <p>The Company shall not trade its shares unless in the aforesaid circumstances.</p>	<p>(5) <u>To utilize the shares for conversion of corporate bonds issued by the Company which are convertible into shares of the Company; or</u></p> <p>(6) <u>It is necessary for the Company to safeguard the value of the Company and the rights and interests of its shareholders.</u></p> <p><u>The Company shall purchase its issued shares in accordance with laws, administrative regulations, departmental rules, the listing rules of the stock exchanges on which the shares of the Company are listed and the Articles of Association.</u></p>

## LETTER FROM THE BOARD

Original article before the amendment	Article after the amendment
<p><b>Article 31</b> The Company may buy back its shares in any of the following ways:</p> <p>(1) Offering to all the shareholders for buyback in the same proportion;</p> <p>(2) Buying back through open transaction in the stock exchange;</p> <p>(3) Buying back through agreement outside the stock exchange;</p> <p>(4) Other means stipulated by laws, administrative regulations and the securities regulatory authority at the location where the Company is listed.</p>	<p><b>Article 31</b> <u>Subject to laws, administrative regulations, departmental rules, the listing rules of the stock exchange on which the shares of the Company are listed and the Articles of Association, the</u> Company may <u>purchase</u> its shares in any of the following ways:</p> <p>(1) Offering to all the shareholders for buyback in the same proportion;</p> <p>(2) <b>Purchasing</b> through open transaction in the stock exchange;</p> <p>(3) <b>Purchasing</b> through agreement outside the stock exchange;</p> <p>(4) Other means stipulated by laws, administrative regulations and the securities regulatory authority at the location where the Company is listed.</p> <p><b><u>Where the Company purchases its own shares, it shall perform the information disclosure obligation in accordance with the Securities Law and relevant provisions of the securities regulatory authorities at the location where the shares of the Company are listed. Where the Company purchases its own shares under any of the circumstances as mentioned in items (3), (5) and (6) under Article 30 of the Articles of Association, it shall be carried out through open and centralized transaction.</u></b></p>

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**LETTER FROM THE BOARD**

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<b>Original article before the amendment</b>	<b>Article after the amendment</b>
<p><b>Article 32</b> Where the Company needs to purchase its own shares for any of the reasons as mentioned in Item (1) to Item (3) under Article 30 of the Articles of Association, it shall be subject to a resolution of the general meeting. After the Company purchases its own shares pursuant to Article 30, it shall, under the circumstance as mentioned in Item (1), write them off within ten days after the purchase; while under either circumstance as mentioned in Item (2) or (4), transfer them or write them off within six months.</p> <p>The shares purchased by the Company according to Item (3) under Article 30 shall not exceed 5% of the total shares already issued by the Company; the fund used for the share purchase shall be paid from the after-tax profits of the Company; and the shares purchased by the Company shall be transferred to the Company's employees within one year.</p>	<p><b>Article 32</b> Where the Company needs to purchase its own shares for any of the reasons as mentioned in <u>items (1) and (2)</u> under Article 30 of the Articles of Association, it shall be subject to a resolution of the general meeting. <b><u>Where the Company needs to purchase its own shares under any of the circumstances as mentioned in Items (3), (5) and (6) under Article 30 of the Articles of Association, it shall be approved by way of a resolution at the board meeting attended by more than two thirds of the directors of the Company.</u></b> After the Company purchases its own shares pursuant to Article 30, it shall, under the circumstance as mentioned in Item (1), write them off within ten days after the purchase; while under either circumstance as mentioned in item (2) or (4), transfer them or write them off within six months; <b><u>while under any of the circumstances as mentioned in items (3), (5) or (6), the aggregate number of shares of the Company held by itself shall not exceed 10% of its total shares in issue and shall be transferred or cancelled within three years.</u></b> <b><u>Where laws, administrative regulations, departmental rules, the listing rules of the stock exchanges on which the shares of the Company are listed provide otherwise in respect of the cancellation of shares, such provisions prevail.</u></b></p>

## LETTER FROM THE BOARD

Original article before the amendment	Article after the amendment
<p><b>Article 68</b> The shareholders' general meeting shall be the Company's authority and shall exercise the following duties and powers:</p> <p>(1) decide on the Company's business policies and investment plans;</p> <p>(2) elect and replace directors and supervisors from non-employees' representatives, and decide on the remuneration of directors and supervisors;</p> <p>(3) consider and approve the report of the Board of Directors;</p> <p>(4) consider and approve the report of the Supervisory Committee;</p> <p>(5) consider and approve the Company's annual budget and final accounts proposals;</p> <p>(6) consider and approve the Company's profit distribution plan and loss recovery plan;</p> <p>(7) make a resolution on the increase or decrease of the registered capital of the Company;</p>	<p><b>Article 68</b> The shareholders' general meeting shall be the Company's authority and shall exercise the following duties and powers:</p> <p>(1) decide on the Company's business policies and investment plans;</p> <p>(2) elect and replace directors and supervisors from non-employees' representatives, and decide on the remuneration of directors and supervisors;</p> <p>(3) consider and approve the report of the Board of Directors;</p> <p>(4) consider and approve the report of the Supervisory Committee;</p> <p>(5) consider and approve the Company's annual budget and final accounts proposals;</p> <p>(6) consider and approve the Company's profit distribution plan and loss recovery plan;</p> <p>(7) make a resolution on the increase or decrease of the registered capital of the Company;</p> <p>(8) <b><u>consider and approve the Company's plan to purchase its own shares in accordance with Article 32 of the Articles of Association;</u></b></p>

## LETTER FROM THE BOARD

Original article before the amendment	Article after the amendment
(8) make a resolution on the issuance of corporate bonds;	<u>(9)</u> make a resolution on the issuance of corporate bonds;
(9) make a resolution on the merger, division, dissolution or liquidation of the Company, or on the change in the type of the Company;	<u>(10)</u> make a resolution on the merger, division, dissolution or liquidation of the Company, or on the change in the type of the Company;
(10) amend these Articles of Association;	<u>(11)</u> amend the Articles of Association;
(11) make a resolution on the Company's engagement, dismissal or non-reappointment of an accounting firm;	<u>(12)</u> make a resolution on the Company's engagement, dismissal or non-reappointment of an accounting firm;
(12) consider and approve the guarantees prescribed in Article 69 hereof;	<u>(13)</u> consider and approve the guarantees prescribed in Article 69 hereof;
(13) consider the Company's purchase or sale of major assets within one year in excess of thirty percent of the Company's latest audited total assets;	<u>(14)</u> consider the Company's purchase or sale of major assets within one year in excess of thirty percent of the Company's latest audited total assets;
(14) consider and approve changes in the use of proceeds;	<u>(15)</u> consider and approve changes in the use of proceeds;
(15) consider an equity incentive plan;	<u>(16)</u> consider an equity incentive plan;
(16) consider the proposals by shareholders separately or aggregately holding more than three percent of the shares of the Company;	<u>(17)</u> consider the proposals by shareholders separately or aggregately holding more than three percent of the shares of the Company;
(17) consider other matters on which resolutions shall be made by a shareholders' general meeting as required by laws, administrative regulations, departmental rules, the securities regulatory authority at the place where shares of the Company are listed or these Articles of Association.	<u>(18)</u> consider other matters on which resolutions shall be made by a shareholders' general meeting as required by laws, administrative regulations, departmental rules, the securities regulatory authority at the place where shares of the Company are listed or these Articles of Association.

## LETTER FROM THE BOARD

Original article before the amendment	Article after the amendment
<p><b>Article 110</b> The following issues shall be approved by special resolutions at a general meeting:</p> <p>(1) Increase or reduction in the registered capital of the Company and the issue of shares of any class, warrants and other similar securities;</p> <p>(2) Issue of corporate bonds;</p> <p>(3) Split-up, merger, dissolution and liquidation of the Company;</p> <p>(4) Amendments to the Articles of Association;</p> <p>(5) The Company's acquisition or disposal of major assets within one year or guarantees' amount exceeding 30% of the latest audited total assets of the Company;</p> <p>(6) Buyback of the Company's shares;</p> <p>(7) Equity incentive scheme; and</p> <p>(8) Any other matter specified in the laws, administrative regulations, the listing rules of the stock exchange on which the shares of the company are listed or the Articles of Association and confirmed by an ordinary resolution at a general meeting that it may have material impact on the company and accordingly shall be approved by special resolutions.</p>	<p><b>Article 110</b> The following issues shall be approved by special resolutions at a general meeting:</p> <p>(1) Increase or reduction in the registered capital of the Company and the issue of shares of any class, warrants and other similar securities;</p> <p>(2) Issue of corporate bonds;</p> <p>(3) Split-up, merger, dissolution and liquidation of the Company;</p> <p>(4) Amendments to the Articles of Association;</p> <p>(5) The Company's acquisition or disposal of major assets within one year or guarantees' amount exceeding 30% of the latest audited total assets of the Company;</p> <p>(6) <b><u>Purchase of its own shares by the Company under the circumstance as mentioned in item (1) under Article 30 of the Articles of Association;</u></b></p> <p>(7) Equity incentive scheme; and</p> <p>(8) Any other matter specified in the laws, administrative regulations, the listing rules of the stock exchange on which the shares of the Company are listed or the Articles of Association and confirmed by an ordinary resolution at a general meeting that it may have material impact on the Company and accordingly shall be approved by special resolutions.</p>

## LETTER FROM THE BOARD

Original article before the amendment	Article after the amendment
<p><b>Article 155</b> The Board of Directors shall exercise the following powers:</p> <p>(1) Convening general meetings and presenting reports thereto;</p> <p>(2) Implementing the resolutions made at the general meetings;</p> <p>(3) Determining the Company's business and investment plans;</p> <p>(4) Working out the Company's annual financial budget plans and final account plans;</p> <p>(5) Working out the Company's profit distribution plans and loss recovery plans;</p> <p>(6) 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;</p> <p>(7) Formulating proposals for material acquisitions, purchase of shares of the Company, merger, split-up, dissolution and change of the Company form;</p> <p>(8) 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;</p> <p>(9) Making decisions on the establishment of the Company's internal management departments;</p>	<p><b>Article 155</b> The Board of Directors shall exercise the following powers:</p> <p>(1) Convening general meetings and presenting reports thereto;</p> <p>(2) Implementing the resolutions made at the general meetings;</p> <p>(3) Determining the Company's business and investment plans;</p> <p>(4) Working out the Company's annual financial budget plans and final account plans;</p> <p>(5) Working out the Company's profit distribution plans and loss recovery plans;</p> <p>(6) 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;</p> <p>(7) Formulating proposals for material acquisitions, purchase of shares of the Company, merger, split-up, dissolution and change of the Company form;</p> <p>(8) 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;</p> <p>(9) Making decisions on the establishment of the Company's internal management departments;</p>

## LETTER FROM THE BOARD

Original article before the amendment	Article after the amendment
(10) Appointing or dismissing the Company's general manager and the secretary of the Board of Directors and determine their remunerations, rewards and punishments, and appointing or dismissing the Company's deputy general manager, chief financial officer and other senior executives based on the nomination by the general manager and determine their remunerations, rewards and punishments;	(10) Appointing or dismissing the Company's general manager and the secretary of the Board of Directors and determine their remunerations, rewards and punishments, and appointing or dismissing the Company's deputy general manager, chief financial officer and other senior executives based on the nomination by the general manager and determine their remunerations, rewards and punishments;
(11) Working out the Company's basic management system;	(11) Working out the Company's basic management system;
(12) Formulating the proposals for any amendment to the Articles of Association;	(12) Formulating the proposals for any amendment to the Articles of Association;
(13) Managing the information disclosure of the Company;	(13) Managing the information disclosure of the Company;
(14) Proposing the employment or replacement of the accounting firm which audits the Company's accounts to the general meeting;	(14) Proposing the employment or replacement of the accounting firm which audits the Company's accounts to the general meeting;
(15) Hearing the work report of the general manager of the Company and examining the general manager's work;	(15) Hearing the work report of the general manager of the Company and examining the general manager's work;
(16) Exercising other powers conferred by laws, administrative regulations, departmental rules or the Articles of Association.	(16) <b><u>Purchasing its own shares by the Company under any of the circumstances as mentioned in items (3), (5) and (6) under Article 30 of the Articles of Association , unless such purchase is subject to the approval of the shareholders' meeting as provided by laws, administrative regulations, departmental rules, the listing rules of the stock exchanges on which the shares of the Company are listed;</u></b>
	(17) Exercising other powers conferred by laws, administrative regulations, departmental rules or the Articles of Association.

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## LETTER FROM THE BOARD

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Original article before the amendment	Article after the amendment
The Board of Directors may resolve on the issues specified in the preceding paragraphs by approval of more than half of the directors save for the issues specified in Items (6), (7), (12) and by laws, administrative regulations and the Articles of Association, in which approval of more than two thirds of the directors is required. Issues beyond the scope authorized by the general meeting shall be submitted to the general meeting for consideration.	The Board of Directors may resolve on the issues specified in the preceding paragraphs by approval of more than half of the directors, save for the issues specified in items (6), (7), (12) and by laws, administrative regulations and the Articles of Association, in which approval of more than two thirds of the directors is required. Issues beyond the scope authorized by the general meeting shall be submitted to the general meeting for consideration.

The proposed amendments to the Articles of Association are drafted in Chinese language and hence, the English version is a translation only. In the event of any discrepancy between the English translation and the Chinese version of the Articles of Association, the Chinese version shall prevail.

Notwithstanding the amendments made to the provisions for share repurchase in the Articles of Association, any share repurchase by the Company shall still be conducted in accordance with relevant requirements and restrictions under the Listing Rules, including but not limited to the requirements set out in Chapter 10 and Chapter 19A. In particular, pursuant to Rule 10.06(5) and Rule 19A.24 of the Listing Rules, the listing of all the H Shares which are repurchased by the Company shall be automatically cancelled upon repurchase and the Company must apply for listing of any further issues of H Shares in the normal way. The Company will ensure that the documents of title of the repurchased H Shares are cancelled and destroyed as soon as reasonably practicable following the settlement of any such repurchase of H Shares. In addition, pursuant to Rule 19A.25(1) of the Listing Rules, any share repurchase by the Company in the future shall be subject to (i) the approval by the shareholders at a general meeting by way of a special resolution, (ii) the approval by the holders of A Shares at an A Share class meeting by way of a special resolution, and (iii) the approval by the holders of H Shares at a H Share class meeting by way of a special resolution. The Company will send to its shareholders an explanatory statement containing all requisite information as set out under Rule 10.06(1)(b), together with the meeting notice and the circular. It will comply with the reporting requirements under Rule 10.06(4) for all future share repurchases. The Company will also ensure to satisfy the public float requirements under the Listing Rules when conducting share repurchase.

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## LETTER FROM THE BOARD

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### 13. RESOLUTION ON ISSUANCE OF MEDIUM-TERM NOTES

In order to reduce its financial expenses and financing cost, broaden its financing channels and increase medium and long-term capital sources, the Company proposes, according to Administrative Measures for Debt Financing Instruments of Non-Financial Enterprises in the Interbank Bond Market released by the People's Bank of China and other relevant regulations, to apply to the National Association of Financial Market Institutional Investors for registration of the issuance of medium-term notes in the amount of not more than RMB1.5 billion (inclusive). Details of the plan are set out below:

#### 13.1 Plan for the issuance

- (1) Issuer: Fuyao Glass Industry Group Co., Ltd.
- (2) Size of issuance: Not more than RMB1.5 billion (inclusive), subject to the amount registered with the National Association of Financial Market Institutional Investors.
- (3) Term of issuance: The term of the medium-term notes to be registered for issuance shall be not more than three years (inclusive), and will be determined with reference to the capital needs of the Company and the market conditions.
- (4) Interest rate: Interest rate of the medium-term notes shall be determined based on market conditions.
- (5) Use of proceeds: The proceeds are proposed to be used for repaying bank loans, replenishing the working capital and financing other production and operation activities that are in line with the requirements of relevant PRC laws, regulations and policies.
- (6) Method of issuance: The medium-term notes will be issued in single or multiple tranches during the validity period of the registration with the National Association of Financial Market Institutional Investors, subject to the market conditions and the capital needs of the Company.
- (7) Target subscribers: Target subscribers of the issuance are institutional investors in the interbank bond market of the PRC (excluding those who are not allowed to subscribe under national laws and regulations).
- (8) Validity period of the resolution: Upon consideration and approval at the AGM of the Company, the relevant resolution shall remain in force within the validity period of the registration of the medium-term notes to be issued and while the medium-term notes to be issued subsist.

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## LETTER FROM THE BOARD

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### 13.2 Authorization for the issuance of medium-term notes

In order to ensure that the registration and issuance of the Company's medium-term notes could be processed in a smooth and effective manner, the Board, in accordance with the requirements of relevant laws and regulations and the Articles of Association, proposes the AGM to authorize the Board (which may in turn delegate such authorization to the chairman of the Board or person(s) authorized by the chairman of the Board) to deal with, in his/her/their absolute discretion, specific matters relating to the registration and issuance of the medium-term notes of the Company, including but not limited to the following:

- (1) to the extent permitted by laws and regulations and based on market conditions and the needs of the Company, to decide or amend or adjust specific plans for the registration and issuance of the medium-term notes of the Company, including but not limited to all matters related to the Company's registration and issuance of medium-term notes, such as the size of issuance, term of issuance, number of tranches, interest rate of issuance, method of issuance, method of underwriting, method of guarantee and use of proceeds;
- (2) to engage intermediaries for the issuance of medium-term notes, including but not limited to underwriters, law firms and rating agencies, to deal with relevant matters relating to the registration and filings for issuance as well as listing of the medium-term notes;
- (3) to execute all documents and contracts related to the issuance of medium-term notes, including but not limited to application documents, prospectus, underwriting agreements and documents relating to disclosure of information required by applicable regulatory rules;
- (4) to handle registration and filing procedures for the issuance of the medium-term notes, including but not limited to procedures for registration, issuance and trading arrangements;
- (5) to make adjustments to matters relating to the specific arrangements of the issuance of medium-term notes according to the opinions of regulatory authorities in the event that there are changes in the regulatory authorities' policies relating to the issuance of medium-term notes or changes in market conditions, save for matters that require re-approval at the general meeting pursuant to the requirements of relevant laws, regulations and the Articles of Association;
- (6) to handle other matters relating to the registration and issuance of medium-term notes by the Company;
- (7) the above authorization shall take effect from the date of consideration and approval at the AGM and shall remain in force during the validity period of the registration of the medium-term notes and while the medium-term notes subsist.

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## LETTER FROM THE BOARD

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The issuance of medium-term notes, upon approval by the Shareholders at the AGM, will be subject to approval for issuance registration by the National Association of Financial Market Institutional Investors.

### **14. RESOLUTION ON ISSUANCE OF ULTRA SHORT-TERM FINANCING NOTES BY THE COMPANY**

In order to broaden the financing channels of the Company, optimize its financing structure, reduce its financing costs, enhance its liquidity management, prevent capital risk and satisfy the funding required for the rapid development of the Company, the Company proposes to apply to the National Association of Financial Market Institutional Investors for registration of the issuance of ultra short-term financing notes in the amount of not more than RMB2 billion (inclusive). Details of the plan are set out below:

#### **14.1 Plan for the issuance**

The Company intends to apply to the National Association of Financial Market Institutional Investors for registration of the issuance of ultra short-term financing notes with the registered amount of not more than RMB2 billion (inclusive) and to issue the notes in tranches on a rolling basis within the two-year validity period for registration with the National Association of Financial Market Institutional Investors according to the funding needs of the Company and market condition and will ensure repayment will be made upon maturity. The proceeds to be raised from the issuance of ultra short-term financing notes will be principally used for the production and operation activities of the Company, including but not limited to repaying bank loans and replenishing the working capital of the Company. The interest rate for the issuance will be determined by the Company and the underwriters upon negotiations with reference to the guidance price for the ultra short-term financing notes quoted by the National Association of Financial Market Institutional Investors at the time of the issuance and based on the actual issuance period. The ultra short-term financing notes applied by the Company for registration may be issued in tranches on a rolling basis within the validity period of the registered amount. The duration of the ultra short-term financing notes to be issued in a single tranche shall be at a maximum of not more than 270 days (inclusive). The specific duration is subject to the announcement to be published at the time of the issuance.

#### **14.2 Authorizations from the General Meeting as Proposed by the Board**

To complete the work associated with the issuance by the Company of ultra short-term financing notes in an efficient and orderly manner, the Board of the Company proposes to the general meeting to authorize the chairman of the Company (or person(s) authorized by the chairman of the Board) to handle all matters relating to the issuance of ultra short-term financing notes when the Company is qualified for such issuance, including but not limited to:

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## LETTER FROM THE BOARD

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- (1) to determine the specific details of the issuance of ultra short-term financing notes and to formulate and implement detailed issuance plan, which includes application for the registration of an issue size of not more than RMB2 billion (inclusive), the schedule for issuance in tranches, the arrangement for the amount and duration of each tranche, the period and method for repayment of the principal and interest, the interest rate of the issuance and all other matters relating to the terms of issuance;
- (2) to engage a lead underwriter and other relevant intermediary institutions for handling filings in connection with the issuance of ultra short-term financing notes;
- (3) to execute all contracts, agreements and other legal documents relating to the issuance of ultra short-term financing notes;
- (4) to perform information disclosure obligations in a timely manner;
- (5) to deal with other matters related to the issuance of ultra short-term financing notes;
- (6) the authorization shall be effective from the date when the resolution is considered and approved at the AGM to the date of completion of the above matters within the authorization.

The issuance of ultra short-term financing notes is still subject to the approval of the National Association of Financial Market Institutional Investors and shall be implemented within two years upon registration with the National Association of Financial Market Institutional Investors.

### 15. AGM

The AGM will be held in the Company's conference room located at Fuyao Industrial Zone, Rongqiao Economic & Technological Development Zone, Fuqing City, Fujian Province, the PRC at 2:00 p.m. on Tuesday, May 14, 2019 to consider and approve at its discretion the work report of the Board of Directors for the year 2018, the work report of the Supervisory Committee for the year 2018, the final financial report for the year 2018, the profit distribution plan for the year 2018, the 2018 annual report and summary of annual report, the resolution on service charges by PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) in relation to the provision of audit services of financial statements and internal control audit of the Company for the year 2018 and re-appointment of PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) as the domestic audit institution and internal control audit institution of the Company for the year 2019, the resolution on service charges by PricewaterhouseCoopers in relation to the provision of audit services of financial statements for the year 2018 and re-appointment of PricewaterhouseCoopers as the overseas audit institution of the Company for the year 2019, the work report of independent non-executive Directors for the year 2018, the resolution on maintenance of liability insurance by the Company for Directors, Supervisors and senior management, the resolution on amendments to the Articles of Association, the resolution on issuance of medium-term notes and the resolution on issuance of ultra short-term financing notes by the Company. The notice of the AGM is set out on page 42 to page 46 of this circular.

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## LETTER FROM THE BOARD

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A proxy form to be used at the AGM is enclosed with this circular. Whether or not you intend to attend the AGM, you are requested to read the notice of the AGM and complete and return the proxy form attached to this circular in accordance with the instructions printed thereon as soon as possible. To be valid, H Shareholders shall return the proxy form or other authorization documents to the Company's H Share Registrar in Hong Kong, namely Computershare Hong Kong Investor Services Limited, and in any event not less than 24 hours before the time appointed for holding of the AGM (i.e. before 2:00 p.m., Monday, May 13, 2019) or any adjournment thereof by hand or by post. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or at any adjournment thereof should you so wish.

Should you intend to attend the AGM in person or by proxy, you are requested to complete the reply slip attached to this circular in accordance with the instructions printed thereon and return the same to the Company's H Share Registrar in Hong Kong, namely Computershare Hong Kong Investor Services Limited, on or before Tuesday, April 23, 2019 (if you are an H Shareholder).

### 16. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions put to the vote at the AGM will be decided by way of poll. The poll results will be published on the Company's website at <http://www.fuyao.com> and the HKEXnews website of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk> after the AGM.

### 17. RECOMMENDATION

The Board considers that all the resolutions to be proposed at the AGM are in the interests of the Company and the Shareholders as a whole, and accordingly the Board recommends you to vote in favour of all the resolutions proposed at the AGM.

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

Fuzhou, Fujian, the PRC  
March 26, 2019



**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)**

## WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2018

During the Reporting Period, the Supervisory Committee of Fuyao Glass Industry Group Co., Ltd. (hereinafter referred to as the “**Company**”) has duly carried out its supervisory duties in a stringent manner and effectively protected the interests of the Shareholders, the Company and its employees based on the principles of fairness and honesty and in accordance with the relevant provisions of the Company Law of the People’s Republic of China (hereinafter referred to as the “**Company Law**”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “**Securities Law**”), the Articles of Association and the Rules of Procedure for the Supervisory Committee of the Company. The work report of the Supervisory Committee for the year 2018 is hereby presented as follows:

### I. WORK OF THE SUPERVISORY COMMITTEE

For the year 2018, in strict compliance with the relevant requirements of the Company Law, the Securities Law, the Articles of Association and the Rules of Procedure for the Supervisory Committee of the Company, with our sense of responsibility towards all the Shareholders, the Supervisory Committee fulfilled its duties with all due diligence, and proactively carried out various work. During the Reporting Period, the Supervisory Committee convened six meetings in total, and attended the general meetings and the meetings of the Board of Directors convened in the year. The Supervisory Committee effectively supervised the material decisions of operating activities, financial position and the performance of Directors and senior management of the Company, and reviewed and provided comments on the regular reports of the Company. The Supervisory Committee played an active role in promoting sound and stable development of the Company and safeguarded the legitimate interests of the Company and its Shareholders.

<b>Session and number of the meeting</b>	<b>Date of convention</b>	<b>Topics of the meetings</b>
The first meeting of the ninth session (physical meeting)	January 8, 2018	Consideration of the Resolution on Election of Chairman of the Ninth Session of the Supervisory Committee of the Company.

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**APPENDIX I      WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2018**

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<b>Session and number of the meeting</b>	<b>Date of convention</b>	<b>Topics of the meetings</b>
The second meeting of the ninth session (physical meeting)	March 16, 2018	1. Consideration of the 2017 Work Report of the Supervisory Committee; 2. Consideration of the 2017 Final Financial Report; 3. Consideration of the 2017 Annual Report of the Company and Summary of Annual Report; 4. Consideration of the Resolution in relation to the Change in the Accounting Policies.
The third meeting of the ninth session (physical meeting)	April 26, 2018	Consideration of the Resolution in relation to the Full Text and the Main Body of the 2018 First Quarter Report of the Company.
The fourth meeting of the ninth session (physical meeting)	June 25, 2018	Consideration of the Resolution in relation to the Acquisition of 100% Equity Interests in Fujian Triplex Holdings Group Co., Limited by a Wholly-owned Subsidiary of the Company and Connected Transaction.
The fifth meeting of the ninth session (physical meeting)	August 20, 2018	Consideration of the Resolution in relation to the 2018 Interim Report of the Company and its Summary.
The sixth meeting of the ninth session (physical meeting)	October 25, 2018	1. Consideration of the Resolution in relation to the Full Text and the Main Body of the 2018 Third Quarter Report of the Company; 2. Consideration of the Resolution in relation to the Change in the Accounting Policies; 3. Consideration of the Resolution in relation to the Lease of Properties from Fujian Yaohua Industrial Village Development Co., Ltd. by the Company; 4. Consideration of the resolution in relation to the Projected Daily Connected Transactions between the Company and Tri-Wall Packaging (Fuzhou) Co., Ltd. for the Year 2019; 5. Consideration of the Resolution in relation to the Projected Daily Connected Transactions between the Company and Jinken Glass Industry Shuangliao Co., Ltd. for the Year 2019.

**II. THE SUPERVISORY COMMITTEE'S INDEPENDENT OPINIONS ON OPERATION OF THE COMPANY IN ACCORDANCE WITH LAWS**

The Supervisory Committee considers that in the year 2018, the Company's operation was in compliance with laws and regulations, and the internal control system was comprehensive and sound. The Board strictly carried out various resolutions approved by and authorizations granted by general meetings, and the decision-making procedure was lawful and effective. The Directors and senior management of the Company could perform their respective duties with diligence and dedication without violating laws, regulations and the Articles of Association or damaging interests of the Company and its Shareholders.

**III. THE SUPERVISORY COMMITTEE'S INDEPENDENT OPINIONS ON EXAMINING FINANCIAL POSITION OF THE COMPANY**

During the Reporting Period, the Supervisory Committee carefully examined and supervised the financial position, financial management, operating results and periodical reports of the Company, and considered that the Company's financial management was standardized, internal control system was effective and strictly performed and financial position was sound, and that the financial statements of the Company objectively, truly, accurately and comprehensively reflected the financial position and operating results of the Company. The profit distribution plan for the year 2017 and interim profit distribution plan for the year 2018 was carried out in strict compliance with relevant rules and the requirements of the Articles of Association, and was in line with the operation of the Company.

**IV. THE SUPERVISORY COMMITTEE'S INDEPENDENT OPINIONS ON THE CONNECTED TRANSACTIONS OF THE COMPANY**

1. Independent opinions on the acquisition of 100% equity interests in Fujian Triplex Holdings Group Co., Limited held by Triplex Holdings Limited by Fuyao (Hong Kong) Limited, a wholly-owned subsidiary of the Company: The Supervisory Committee of the Company is of the view that the acquisition is in line with the development strategies and development plan of the Company, allows its deeper penetration into the field of automotive parts, improve its industry chain, thereby building up systematic industrial advantages like a "city moat"; it reduces the number of connected transactions between the Company and Fujian Triplex Holdings Group Co., Limited and its subsidiaries, and is conducive to exerting the synergistic effects of the businesses and enhancing the Company's comprehensive competitiveness. The transaction price for the equity transfer was determined with reference to the appraised assets value. The equity transfer agreement was based on normal commercial terms, and the terms of the agreement and relevant transactions were fair and reasonable. It was in the interests of the Company and its Shareholders as a whole and did not jeopardize the interests of the Company and its Shareholders, in particular non-related-party Shareholders, nor would such transaction adversely affect the Company's ability to operate as a going concern.

2. Independent opinions on the lease of properties from Fujian Yaohua Industrial Village Development Co., Ltd. by the Company: The Supervisory Committee of the Company is of the view that obtaining and using the properties owned by Fujian Yaohua Industrial Village Development Co., Ltd. by way of lease in lieu of construction could help establish stable ancillary facilities for the Company, facilitate the expansion of the Company's production scale, and improve the liquidity of the Company's assets, thereby saving more funds for the Company to develop its main businesses and enhancing its core competitiveness. The transaction price was determined with reference to the market rental of the place where the property is situated with respective rights and obligations of the parties being specified in the specific contract. The contents of the contract were based on normal commercial terms, were fair and reasonable and in the interests of the Company and its Shareholders as a whole. Therefore, the connected transaction between the Company and Fujian Yaohua Industrial Village Development Co., Ltd. did not jeopardize the interests of the Shareholders of the Company, in particular non-related-party Shareholders, nor would such transaction adversely affect the Company's ability to operate as a going concern and its independence. The Company would not become dependent on or controlled by the related parties as a result of such lease.
  
3. Independent opinions on the daily connected transactions between the Company and Tri-Wall Packaging (Fuzhou) Co., Ltd. and Jinken Glass Industry Shuangliao Co., Ltd. in 2019: The Supervisory Committee of the Company is of the view that the daily connected transactions between the Company and the above-mentioned related parties, none of which has any controlling relationship with the Company, were normal transactions conducted for satisfaction of the need of the Company for its normal production and operation, enabled the Company to fully leverage the synergies between the Company and such related parties and facilitated its development in a sound and stable manner. Additionally, the Company and the above-mentioned related parties could negotiate the transaction prices based on the principles of fairness, openness, justice and reasonableness. The transaction prices were determined with reference to the market price or based on the cost-plus reasonable profit approach, which were fair and reasonable and in the interests of the Company and its Shareholders as a whole. The annual cap for the daily connected transactions between the Company and the above-mentioned related parties for the year 2019 as estimated by the Company was reasonable. The daily connected transactions between the Company and the aforementioned related parties did not jeopardize the interests of Shareholders of the Company, in particular non-related-party Shareholders, nor would such transactions adversely affect the Company's financial position, operating results and its ability to operate as a going concern and its independence. The Company would not become dependent on or controlled by the related parties by entering into such transactions.

In 2019, the Supervisory Committee will not fail to live up to the expectations of all Shareholders and will faithfully, honestly and diligently discharge its responsibilities in strict compliance with laws and regulations, including the Company Law, the Securities Law and the requirements under the Articles of Association, so as to make unremitting efforts to safeguard the legitimate interests of the Company and all Shareholders.



**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)**

## **WORK REPORT OF INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR 2018**

As the independent non-executive Directors of Fuyao Glass Industry Group Co., Ltd. (hereinafter referred to as the “**Company**”), in 2018, in strict compliance with the Company Law of the People’s Republic of China (the “**Company Law**”), the Code of Corporate Governance for Listed Companies, the Guiding Opinions on the Establishment of the Independent Directorship System by Listed Companies, the Rules Governing the Listing of Shares on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant laws, rules and regulatory documents, as well as the requirements under the Articles of Association of Fuyao Glass Industry Group Co., Ltd. (hereinafter referred to as the “**Articles of Association**”), the Independent Directorship System of Fuyao Glass Industry Group Co., Ltd., and the Working Rules on the Annual Report of Independent Directors of Fuyao Glass Industry Group Co., Ltd. and other systems and with our sense of responsibility towards all Shareholders, we remained diligent and responsible in carrying out our duties, exercised the rights granted by the Company and the Shareholder with due discretion, actively participated in the general meetings of the Company and the meetings of the Board and expressed objective and fair independent opinions on the significant matters considered by the Board of the Company at its meetings. As such, we have fully discharged our responsibilities as the independent non-executive Directors and safeguarded the legitimate interests of all Shareholders, in particular minority Shareholders. The report on the duty performance of independent non-executive Directors for the year 2018 is hereby presented as follows:

### **I. BASIC INFORMATION ON THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

**Ms. Liu Xiaozhi**, has served as an independent non-executive Director of the Company since October 2013. Ms. Liu Xiaozhi is the founder of ASL Automobile Science & Technology (Shanghai) Co., Ltd. (a company that focuses on the development of advanced automobile technology in China) and has been its president since June 2009. Ms. Liu Xiaozhi served as the president, director and vice chairman of the Company, chairman, president and chief executive officer of NeoTek China (a manufacturer of brake components and other automobile parts), chief officer of the electronic, control and software integration department of General Motors U.S.A., chairman and president of General Motors Taiwan.

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**APPENDIX II                      WORK REPORT OF INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR 2018**

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**Ms. Cheung Kit Man Alison**, has served as an independent non-executive Director of the Company since January 2018. Ms. Cheung Kit Man Alison currently serves as a member of the Examinations Committee of Hong Kong Securities and Investment Institute. Ms. Cheung Kit Man Alison served as the managing director of HSBC Private Bank, and senior vice president and managing director of DBS Hong Kong.

**Mr. Wu Yuhui**, has been an independent non-executive Director of the Company since October 2013. Mr. Wu Yuhui currently serves as a professor in finance, a PHD supervisor and the director of the Finance Department of the School of Management of Xiamen University. He served as the deputy director (in charge), an associate professor and an assistant professor in the Finance Department of the School of Management of Xiamen University, and a senior staff member of the accounting and finance department of the People’s Bank of China Shenzhen Center Branch.

We, as independent non-executive Directors of the Company, do not hold any position in the Company other than independent non-executive Directors, and do not hold any position or receive any emoluments in entities of the Shareholders of the Company. Therefore, there is no circumstance that may affect our independence.

**II. ATTENDANCE OF MEETINGS AND ISSUANCE OF INDEPENDENT OPINIONS**

**(I) Attendance of meetings of the Board**

Name of the Independent Non-executive Director	Number of meeting(s) to be attended for the year	Number of meeting(s) attended in person	Number of meeting(s) attended by telecommunications	Number of meeting(s) attended by proxy	Number of absences
LIU XIAOZHI(劉小稚)	8	8	2	0	0
CHEUNG KIT MAN ALISON (張潔雯)	8	8	2	0	0
WU YUHUI(吳育輝)	8	8	2	0	0

**(II) Attendance of general meetings**

Name of the Independent Non-executive Director	Number of general meeting(s) held during the term of office for the year	Number of meeting(s) attended in person
LIU XIAOZHI(劉小稚)	3	3
CHEUNG KIT MAN ALISON (張潔雯)	3	3
WU YUHUI (吳育輝)	3	2

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**APPENDIX II                      WORK REPORT OF INDEPENDENT NON-EXECUTIVE  
DIRECTORS FOR THE YEAR 2018**

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**(III) Issuance of independent opinions during the Reporting Period**

<b>No.</b>	<b>Date, session and number of the meeting</b>	<b>Independent opinions issued</b>
1	January 8, 2018 The first meeting of the ninth session of the Board	Independent opinions on the election of the Chairman and Vice Chairman, and the appointment of the president and other senior management members.
2	March 16, 2018 The second meeting of the ninth session of the Board	<ol style="list-style-type: none"><li>(1) Independent opinions on the 2017 evaluation report of the Company for internal control;</li><li>(2) Special explanation and independent opinions on the external guarantees and capital movement between the Company and the related parties;</li><li>(3) Independent opinions on the profit distribution plan of the Company for the year 2017;</li><li>(4) Independent opinions on the entrusted wealth management with self-owned funds of the Company;</li><li>(5) Independent opinions on the change of accounting policies;</li><li>(6) Independent opinions on the re-appointment of PricewaterhouseCoopers as the overseas audit institution of the Company for 2018;</li><li>(7) Independent opinions on the re-appointment of PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) as the domestic audit institution and internal control audit institution of the Company for 2018;</li><li>(8) Independent opinions on the profit distribution plan for shareholders for the coming three years.</li></ol>

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**APPENDIX II                      WORK REPORT OF INDEPENDENT NON-EXECUTIVE  
DIRECTORS FOR THE YEAR 2018**

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<b>No.</b>	<b>Date, session and number of the meeting</b>	<b>Independent opinions issued</b>
3	June 25, 2018 The fourth meeting of the ninth session of the Board	Independent opinions on the acquisition of 100% equity interests in Fujian Triplex Holdings Group Co., Limited by a wholly-owned subsidiary of the Company and connected transaction.
4	August 20, 2018 The sixth meeting of the ninth session of the Board	Independent opinions on the Interim Profit Distribution Plan of the Company for 2018
5	October 25, 2018 The seventh meeting of the ninth session of the Board	(1) Independent opinions on the daily connected transactions of the Company; (2) Independent opinions on the lease of properties by the Company from a related party; (3) Independent opinions on the change of accounting policies.

**III. KEY CONCERNS IN THE DUTY PERFORMANCE OF INDEPENDENT NON-EXECUTIVE  
DIRECTORS FOR THE YEAR****(I) Connected Transactions**

Pursuant to the Rules Governing the Listing of Shares on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Administrative Measures for Connected Transactions of the Company and the Articles of Association, we have reviewed the necessity, fairness of pricing, compliance of approval procedures and other aspects of the connected transactions entered into during the Reporting Period and expressed our independent opinions in respect thereof.

The connected transactions of the Company in 2018 were carried out in accordance with respective agreements governing such transactions, followed due decision-making procedures, were entered into on fair and reasonable terms, and were in the interest of the Shareholders of the Company as a whole. None of such connected transactions was found to have jeopardized the interests of the Company.

**(II) External Guarantees and Misappropriation of Funds****1. External guarantees**

- (1) Pursuant to relevant laws, regulations, the Articles of Association and the Management Principles of the Company on the External Guarantees, the external guarantees offered by the Company and its subsidiaries shall be submitted to the Board or general meeting for consideration and approval in accordance with the relevant authorization and permission. As of December 31, 2018, the balance of external guarantees provided by the Company amounted to RMB1,772.64 million, all of which were guarantees provided to subsidiaries by the Company.
- (2) As of December 31, 2018, save for the guarantees provided to subsidiaries by the Company, no guarantees were provided by the Company to its controlling Shareholder, actual controller or its affiliated enterprises, nor to any other related party in which the Company holds less than 50% equity interest, any unincorporated entity or any individual. As of December 31, 2018, the Company and its subsidiaries did not provide any non-compliant external guarantees, nor did they have non-compliant external guarantees provided in previous years but subsisting to the end of 2018.
- (3) In strict compliance with the requirements of internal control systems such as the Articles of Association and the Management Principles of the Company on the External Guarantees, the Company has made full and complete disclosure in relation to its external guarantees. The external guarantees provided by the Company are based on the reasonable needs of the development of the Company. The decision-making procedures of the external guarantees are legal and valid. The Company has also fulfilled the relevant information disclosure obligations in a timely manner, without prejudice to the interests of the Company and its Shareholders, especially the interests of minority Shareholders.

## 2. *Misappropriation of funds*

As considered and approved at the fifteenth meeting of the eighth session of the Board of the Company, the loans granted by the Company and its domestic subsidiaries to Jinken Glass Industry Shuangliao Co., Ltd., a related party of the Company, shall be not more than RMB190 million with a term of not more than 24 months and an interest rate of no less than the RMB benchmark loan interest rate of financial institutions as published by the PBOC for the corresponding period. For details, please refer to the Announcement of Fuyao Glass Industry Group Co., Ltd. on Connected Transaction in Relation to Provision of Loans to a Related Party dated August 5, 2017 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>).

Save as mentioned above, in 2018, capital movement between the Company and the related parties (hereinafter excluding the wholly-owned or controlled subsidiaries of the Company) was based on normal capital transactions. There were no instances where the controlling Shareholder and actual controller of the Company, other enterprises controlled by the Company as well as other related parties appropriated the funds of the Company for non-operating purpose, nor did the Company provide funds directly or indirectly to its controlling Shareholder or actual controller, other enterprises controlled by the Company as well as other related parties in violation of regulations. There were no instances where the related parties illegally appropriated the funds of the Company in previous years but subsisting to the end of 2018.

### (III) **Nomination and Remuneration of Directors and Senior Management**

1. At the first meeting of the ninth session of the Board of the Company convened on January 8, 2018, we carefully reviewed the relevant materials and, based on independent judgment, issued independent opinions concerning the election of Mr. Cho Tak Wong as the Chairman of the Company and Mr. Tso Fai as the Vice Chairman of the Company, and the appointment of Mr. Ye Shu as the president of the Company, Mr. He Shimeng, Mr. Chen Juli, Mr. Huang Xianqian, Mr. Lin Yong, Ms. Sun Yiqun and Mr. Wu Lide as vice presidents of the Company, Mr. Chen Xiangming as chief financial officer of the Company and Ms. Li Xiaoxi as the secretary to the Board of the Company at the first meeting of the ninth session of the Board of the Company. We are of the view that all of the above-mentioned personnel are legally qualified, and the procedure and voting result of the election of the Chairman and Vice Chairman, as well as the nomination and appointment of the president, vice presidents, chief financial officer and secretary to the Board at the first meeting of the ninth session of the Board of the Company were in compliance with the relevant

requirements under the Company Law and the Articles of Association. We concurred with the Board to elect Mr. Cho Tak Wong as the Chairman of the Company and Mr. Tso Fai as the Vice Chairman of the Company, and to appoint Mr. Ye Shu as the president of the Company, Mr. He Shimeng, Mr. Chen Juli, Mr. Huang Xianqian, Mr. Lin Yong, Ms. Sun Yiqun and Mr. Wu Lide as vice presidents of the Company, Mr. Chen Xiangming as chief financial officer of the Company and Ms. Li Xiaoxi as the secretary to the Board of the Company.

2. The remuneration for Directors of the Company is subject to the Resolution on the Remuneration of the Directors of the Ninth Session of the Board of Directors of the Company as considered and approved at the 2018 first extraordinary general meeting convened on January 8, 2018. The remuneration for senior management members of the Company was determined based on the basic salary and year-end performance. The remuneration paid by the Company to Directors, Supervisors and senior management members in 2018 was fair and reasonable and in line with the Company's remuneration system requirement and assessment criteria, and without violation of rules of the Company on remuneration management. No equity incentive plan was implemented in 2018.

#### **(IV) Results Forecast and Preliminary Results Announcement**

During the Reporting Period, no results forecast or preliminary results announcement was published by the Company.

#### **(V) Appointment or Change of Auditors**

Since PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) was appointed as the audit institution of the Company, it has been emphasizing on the understanding of the Company and its operating environment, focusing on the establishment and implementation of the Company's internal control, and attaching importance to maintaining communications with the Audit Committee under the Board and the independent non-executive Directors of the Company. It maintained their independence, objectivity and impartiality in the course of audit with cautious, independent and objective working attitude, and diligently fulfilled their audit responsibilities. The Audit Committee under the Board of the Company proposed to the Board for the re-appointment of PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) as the domestic audit institution and internal control audit institution of the Company for 2018. In light of the above, we agreed to re-appoint PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) as the domestic audit institution and internal control audit institution of the Company for 2018 and agreed to present the above-mentioned matters at the general meeting of the Company for consideration.

PricewaterhouseCoopers maintained their independence, objectivity and impartiality in the course of audit with cautious, independent and objective working attitude, and diligently fulfilled their audit responsibilities. The Audit Committee under the Board of the Company proposed to the Board for re-appointment of PricewaterhouseCoopers as the overseas audit institution of the Company for 2018. In light of the above, we agreed to re-appoint PricewaterhouseCoopers as the overseas audit institution of the Company for 2018 and agreed to present the above-mentioned matters at the general meeting of the Company for consideration.

**(VI) Cash Dividends and Other Returns to Investors**

At the second meeting of the ninth session of the Board of the Company convened on March 16, 2018, we conducted a thorough discussion in respect of the compliance and reasonableness of the proposed Profit Distribution Plan for the Year 2017 of the Company and issued independent opinions as follows: we are of the opinion that the proposed Profit Distribution Plan for the Year 2017 of the Company is in compliance with the provisions of the Company Law of the People's Republic of China, the Regulatory Guidance No. 3 of Listed Companies – Cash Dividend Distribution of Listed Companies and other laws, regulations and regulatory documents as well as relevant requirements regarding profit distribution policy as stipulated in the Dividend Distribution Plan for Shareholders for the Upcoming Three Years (2015–2017) of the Company and the Articles of Association. The proposed Profit Distribution Plan for the Year 2017 represents the Company's emphasis on reasonable investment returns to investors, while giving due consideration to the actual operation and sustainable development of the Company without prejudice to the interests of the Company and its Shareholders as a whole. The Profit Distribution Plan for the Year 2017 was considered and approved at the second meeting of the ninth session of the Board of the Company. The voting results were lawful and valid. We agreed to present the Profit Distribution Plan for the Year 2017 for consideration at the 2017 annual general meeting of the Company.

At the sixth meeting of the ninth session of the Board of the Company convened on August 20, 2018, we conducted a thorough discussion in respect of the compliance and reasonableness of the proposed Interim Profit Distribution Plan for the Year 2018 of the Company and issued independent opinions as follows: we are of the opinion that the proposed Interim Profit Distribution Plan for the Year 2018 of the Company is in compliance with the provisions of the Company Law of the People's Republic of China, the Regulatory Guidance No. 3 of Listed Companies – Cash Dividend Distribution of Listed Companies and other laws, regulations and regulatory documents as well as relevant requirements regarding profit distribution policy as stipulated in the Dividend Distribution Plan for Shareholders for the Upcoming Three Years (2018–2020) of the Company and the Articles of Association. The proposed Interim Profit Distribution Plan for the Year 2018 represents the Company's emphasis on reasonable investment returns to investors, while giving due consideration to the actual operation and sustainable development of the Company without prejudice to the interests of the Company and its Shareholders as a whole. The Interim Profit Distribution Plan for the Year 2018 was considered and approved at the sixth meeting of the ninth session of the Board of the Company. The voting results were lawful and valid. We approved the Interim Profit Distribution Plan for the Year 2018 and the presentation of the same for consideration at the 2018 second extraordinary general meeting of the Company.

**(VII) Fulfillment of Commitments by the Company and the Shareholders**

The Company and its controlling shareholders strictly complied with relevant laws and regulations, without any breach of their relevant commitments in 2018.

**(VIII) Implementation of Information Disclosure**

In strict compliance with the Rules Governing the Listing of Shares on Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as well as the information disclosure requirements of the Company, the Company performed its obligations of information disclosure in a truthful, accurate, complete, timely and impartial manner during the Reporting Period, safeguarding the rights of its Shareholders, creditors and other stakeholders to access information of the Company.

**(IX) Implementation of Internal Control**

In 2018, the Company formed a reasonable and effective internal control system through overseeing and tracking its operating activities and financial condition pursuant to the relevant internal control rules, which ensures the operating activities of the Company and its subsidiaries to be carried out in a healthy and stable way under the internal control system. The existing internal control rules of the Company are in line with relevant laws and regulations and regulatory requirements, basically maintain effective internal control over the management and operations of the Company in all material aspects. In this regard, there are no material defects in the internal control of the Company.

**(X) Operation of the Board and its Special Committees**

There are four special committees under the Board, namely, the Audit Committee, the Nomination Committee, the Remuneration and Assessment Committee and the Strategy and Development Committee. In 2018, these special committees earnestly performed their duties and professional functions, reviewed matters falling within their respective terms of reference, and operated in accordance with relevant standards.

**IV. THEIR WORK FOR SAFEGUARDING THE LEGAL INTERESTS OF INVESTORS**

- (1) As independent non-executive Directors of the Company, we carried out the duties of independent non-executive Directors in a faithful and effective manner in 2018. For every resolution required to be considered by the Board of the Company, we firstly reviewed the resolution materials and introduction of relevant situations provided by the Company in an earnest manner. Then we would provide professional opinions and recommendations after understanding all issues related to the resolution adequately. On this basis, we exercised our voting rights in an independent, objective and prudent manner and strived to safeguard the legitimate rights of the investors from being prejudiced by such decision made by the Company.
- (2) We carried out supervision and inspection on the information disclosure of the Company in order to ensure that the Company disclosed information truly, accurately, completely, timely and fairly. We paid attention to the advertisements and reports on the Company in media including internal publication Fuyaoren (《福耀人》), website, newspaper and television of the Company, and maintained close contact with the Directors, chief financial officer, director of auditing division, secretary to the Board and other relevant personnel of the Company in order to understand the production and operation and the progress of material events of the Company.

- (3) We made objective and impartial judgment on the Company's periodic financial statements and relevant matters; supervised and inspected whether the information of the Company was disclosed truly, accurately, completely, timely and fairly, in order to safeguard the legitimate interests of public shareholders.
- (4) During the Reporting Period, we conducted careful review and inspection with respect to the performance of undertakings by the Company and its Shareholders and did not discover any violation of undertakings.
- (5) Pursuant to relevant requirements including the Rules Governing the Listing of Shares on Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, after reviewing the relevant information provided by the Company in relation to its continuing connected transactions with Fujian Triplex Automotive Decoration Co., Ltd. (currently known as Fujian Fuyao Automotive Decoration Co., Ltd. (福建福耀汽車飾件有限公司)), Fuzhou Fuyao Mold Development Co., Ltd., Fujian Triplex Auto Services Co., Ltd., Fujian Yaohua Industrial Village Development Co., Ltd. and Global Cosmos German Limited for the year 2018, we are of view that, (a) such transactions were entered into in the ordinary course of the Company's business; (b) such transactions were entered into on normal commercial terms or if comparables were not sufficient for judging whether such terms of transactions were entered into on normal commercial terms, the terms were no less favorable than those obtained from or offered by independent third parties (as the case may be) as far as the Company is concerned; and (c) such transactions were carried out in accordance with the terms of relevant transaction agreements which were fair and reasonable and were in line with the interests of Shareholders of the Company as a whole.
- (6) We conducted in-depth on-site investigation and research on the Company and its subsidiaries in 2018 and paid attention to the impact of changes in external environment and market on the Company through site visits and listening to the reports conducted by the management of the Company and its subsidiaries in respect of the operation management and financial operation while proactively investigating and acquiring necessary circumstances and information for decision-making and paying adequate attention and supervising the governance structure, establishment of internal control system, connected transactions and production and operation activities of the Company.
- (7) We proactively studied relevant laws, regulations and regulatory systems so as to enhance our knowledge and understanding of relevant regulations, particularly those involving regulations on corporate governance structure and protection of the interests of public shareholders. We constantly enhanced our capability to protect the interests of the Company and investors and formed awareness to spontaneously protect the interests of all Shareholders.

**V. OTHER MATTERS**

1. There was no proposal of convening Board meeting.
2. There was no proposal of appointment or dismissal of accounting firms.
3. There was no appointment of external audit institution and consulting institutions.

In 2019, we will further enhance communications with the Company's Directors, Supervisors and management, strengthen learning and improve professional skills and decision making capability, and pay attention to the improvement of corporate governance structure, implementation of cash dividend policies, connected transactions, external guarantees, internal control and information disclosure. We will, in compliance with the requirements under the relevant laws and regulations for independent non-executive Directors, adhere to the principles of prudence, diligence and honesty and faithfully perform duties and obligations of independent non-executive Directors, leverage our professional knowledge and experience to provide the Board with more constructive comments and recommendations for decision-making, proactively promote and optimize corporate governance, and safeguard the legitimate rights of all Shareholders, especially minority Shareholders, so as to strengthen the Company's continuous and healthy development.

Meanwhile, we would like to express our sincere gratitude to the Board, senior management members and other relevant personnel of the Company for their active and effective cooperation and support to us in the past year.

**Liu Xiaozhi**  
**Cheung Kit Man Alison**  
**Wu Yuhui**

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## NOTICE OF THE 2018 ANNUAL GENERAL MEETING

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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)**

### NOTICE OF THE 2018 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that Fuyao Glass Industry Group Co., Ltd. (the “**Company**”) will convene the 2018 annual general meeting of the Company (the “**AGM**”) in the Company’s conference room located at Fuyao Industrial Zone, Rongqiao Economic & Technological Development Zone, Fuqing City, Fujian Province, the PRC at 2:00 p.m. on Tuesday, May 14, 2019 to consider and, if thought fit, approve the following resolutions. Unless the context otherwise requires, terms used in this notice shall have the same meaning as defined in the circular of the Company dated March 26, 2019.

#### **ORDINARY RESOLUTIONS**

1. Work Report of the Board of Directors for the Year 2018
2. Work Report of the Supervisory Committee for the Year 2018
3. Final Financial Report for the Year 2018
4. Profit Distribution Plan for the Year 2018
5. 2018 Annual Report and Summary of Annual Report
6. Resolution on the Service Charges by PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) in relation to the Provision of Audit Services of the Financial Statements and Internal Control Audit of the Company for the Year 2018 and the Re-appointment of PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) as the Domestic Audit Institution and Internal Control Audit Institution of the Company for the Year 2019
7. Resolution on the Service Charges by PricewaterhouseCoopers in relation to the Provision of Audit Services of the Financial Statements for the Year 2018 and the Re-appointment of PricewaterhouseCoopers as the Overseas Audit Institution of the Company for the Year 2019

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## NOTICE OF THE 2018 ANNUAL GENERAL MEETING

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8. Work Report of Independent Non-executive Directors for the Year 2018
9. Resolution on Maintenance of Liability Insurance by the Company for Directors, Supervisors and Senior Management

### SPECIAL RESOLUTIONS

10. Resolution on Amendments to the Articles of Association
11. Resolution on Issuance of Medium-term Notes
12. Resolution on Issuance of Ultra Short-term Financing Notes by the Company

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

Fuzhou, Fujian, the PRC  
March 26, 2019

*Notes:*

#### **1. ELIGIBILITY TO ATTEND THE AGM AND CLOSURE OF H SHARE REGISTER**

To determine the name list of H Shareholders eligible to attend the AGM, the Company will close registration for H Share transfers from Saturday, April 13, 2019 to Tuesday, May 14, 2019 (both days inclusive). Holders of H Shares who wish to attend the AGM but have not registered their share transfer documents shall lodge their transfer documents together with the relevant share certificates at the Company's H Share Registrar in Hong Kong, namely Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before 4:30 p.m. on Friday, April 12, 2019.

As to the details of materials for the A Shareholders attending the AGM, the Company will announce such on the website of the Shanghai Stock Exchange separately.

#### **2. ARRANGEMENT OF DISTRIBUTION OF DIVIDEND**

The Board of Directors has recommended the distribution of cash dividend for the year ended December 31, 2018 of RMB7.5 per 10 Shares (tax inclusive) to all Shareholders of the Company, amounting to a total of RMB1,881,463,149. The dividend distribution plan will be submitted to the AGM for approval. If the dividend distribution plan is approved by the AGM, the cash dividend will be paid out within two months from the closing of the AGM according to the Articles of Association. Pursuant to the current work plan, it's expected that dividends will be paid on or before Friday, June 28, 2019. Where there is any change in the aforesaid expected distribution date of dividend, related announcement will be published by the Company in a timely manner. The Company will separately announce the details regarding the distribution of dividend in due course.

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## NOTICE OF THE 2018 ANNUAL GENERAL MEETING

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### ***Withholding and Payment of Enterprise Income Tax for Foreign Non-resident Enterprise Shareholders***

Pursuant to 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 by China resident enterprises 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%. As such, the Company is required to withhold enterprise income tax at the rate of 10% before distributing dividends for the year ended December 31, 2018 to foreign non-resident enterprise shareholders as appearing on the H Share register of members of the Company. Upon receipt of such dividends, a foreign 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.

### ***Withholding and Payment of Individual Income Tax for Individual Overseas Shareholders***

Pursuant to the Notice 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 of the PRC on May 13, 1994, overseas individuals are exempted from the PRC individual income tax for dividends or bonuses received from foreign-invested enterprises. As the Company is a foreign-invested enterprise, it is not required to withhold and pay the PRC individual income tax when distributing dividends for the year ended December 31, 2018 to overseas individual shareholders as appearing on the H Share register of members of the Company.

### ***Withholding of Income Tax for Investors of Northbound Trading***

For investors of the Hong Kong Stock Exchange (including enterprises and individuals) investing in the A Shares of the Company listed on the SSE (the “**Investors of Northbound Trading**”), their final dividends will be distributed in RMB by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited (the “**CSDCCL**”) to the account of the nominee holding such Shares. The Company will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to the tax authorities for such withholding. For investors of Northbound Trading 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 cash dividend tax rate of less than 10%, those enterprises or individuals may apply to the competent tax authorities for the entitlement of the rate under such tax treaty by themselves or through a withholding agent. Upon approval by the tax authorities, the difference between the tax levied and the amount of tax payable as calculated at the tax rate under the tax treaty will be refunded.

### ***Withholding of Income Tax for Investors of Southbound Trading***

Pursuant to the Notice on the Tax Policies Concerning the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《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)) effective from November 17, 2014:

- for mainland individual investors who invest in the H Shares of the Company via the Shanghai-Hong Kong Stock Connect, the Company will withhold individual income tax at the rate of 20% in the distribution of dividends. For mainland securities investment funds that invest in the H Shares of the Company via the Shanghai-Hong Kong Stock Connect, the Company will withhold individual income tax in the distribution of dividends pursuant to the foregoing provisions; and
- for mainland enterprise investors that invest in the H Shares of the Company via the Shanghai-Hong Kong Stock Connect, the Company will not withhold income tax in the distribution of dividends and the mainland enterprise investors shall report and pay the tax amount by themselves.

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## NOTICE OF THE 2018 ANNUAL GENERAL MEETING

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Pursuant to the Notice on the Tax Policies Concerning the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《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)) effective from December 5, 2016:

- for mainland individual investors who invest in the H Shares of the Company via the Shenzhen-Hong Kong Stock Connect, the Company will withhold individual income tax at the rate of 20% in the distribution of dividends. For mainland securities investment funds that invest in the H Shares of the Company via the Shenzhen-Hong Kong Stock Connect, the Company will withhold individual income tax in the distribution of dividends pursuant to the foregoing provisions; and
- for mainland enterprise investors that invest in the H Shares of the Company via the Shenzhen-Hong Kong Stock Connect, the Company will not withhold income tax in the distribution of dividends and the mainland enterprise investors shall report and pay the tax amount by themselves.

If the H Shareholders of the Company have any queries regarding the above tax arrangements, please consult your tax consultants regarding the tax impacts in China, Hong Kong and other countries (regions) for holding and selling the Company's H Shares.

### 3. PROXY

The proxy form enclosed with the notice of the AGM relating to the resolutions to be proposed has been issued by the Company to its Shareholders on the same day. Shareholder who is entitled to attend and vote at the AGM may appoint one or more proxies (who needs not be a Shareholder of the Company) to attend the AGM and to vote thereat on his/her behalf. The proxy form shall be in writing and signed by the Shareholder or of his/her attorney duly authorized in writing or, if the Shareholder is a corporate body, either executed under its common seal or signed by its legal representative, director or duly authorized attorney. If the proxy form is signed by the attorney of the Shareholder, the power of attorney or other authorization document authorizing the attorney to sign the proxy form must be notarized.

In order to be valid, H Shareholders shall lodge the proxy form, together with the power of attorney or other authority (if any), by hand or post, to the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time appointed for holding the 2018 AGM (i.e. before 2:00 p.m., Monday, May 13, 2019) or its adjourned meeting.

Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the AGM or any of its adjourned meetings should you so wish.

### 4. REGISTRATION PROCEDURE FOR ATTENDING THE AGM:

- (1) Shareholders or their proxies shall present their identity documents when attending the AGM. If an attending Shareholder is a legal person, its legal representative or director or person authorized by other governing body shall present the copy of the resolution of the board of directors or other governing body of such Shareholder for appointing such person to attend the AGM.
- (2) If a Shareholder intends to attend the AGM in person or by proxy, the Shareholder must complete and return the reply slip for attending the AGM by hand, by post or by fax to the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited (at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) (if you are a H Shareholder), or to the Company's Office of the Secretary to the Board of Directors (if you are an A Shareholder) on or before Tuesday, April 23, 2019.

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## NOTICE OF THE 2018 ANNUAL GENERAL MEETING

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### 5. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the vote of Shareholders at the AGM must be taken by poll. Therefore, the chairman of the AGM will exercise his power under the Articles of Association to demand a poll in relation to all the proposed resolutions at the AGM.

### 6. OTHERS

(1) The AGM is expected to last for not more than a half day. The Shareholders attending the meeting shall be responsible for their own traveling and accommodation expenses and all relevant costs.

(2) Contact information of the Company:

Address:	Office of the Secretary to the Board of Directors Fuyao Industrial Zone Rongqiao Economic & Technological Development Zone Fuqing City Fujian Province the PRC
Postal Code:	350301
Tel:	(86) 591 8538 3777
Fax:	(86) 591 8536 3983
Contact person:	Zhang Wei

7. References to dates and times in this notice are to Hong Kong dates and times.

*As of the date of this notice, 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. Cheung Kit Man Alison, Ms. Liu Xiaozhi and Mr. Wu Yuhui, as independent non-executive Directors.*