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a f e c e f a i c e e .



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

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 3606)

2017 FIRST QUARTERLY REPORT

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

Sebel in the 2017 financial year of Fuyao Glass Industry Group Co., Ltd. (the **Company**) and is binding on the shareholders as of March 31, 2017 (the **Reporting Period**). The financial statements are prepared in accordance with the PRC Accounting Standards for Business Enterprises and have been audited.

This certificate is made in accordance with the Chinese and English language. In the event of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

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

Shanghai, P.R. China, April 27, 2017

Audited by the independent member of the audit committee, Mr. Cho Tak Wong, Mr. Cheung Xiaobin and Mr. Siu Yik, a member of the audit committee; Mr. Tang Fa, Mr. Wang Sheng and Mr. Zhang Dejun, a member of the audit committee; Mr. Chen Ya, Mr. Li Xiaobin and Mr. Wang Yik, a member of the audit committee.

I. IMPORTANT NOTICE

1.1 The board of directors, the independent directors, the audit committee of the Company shall have the right, according to the provisions of the Charter and the Articles of Association, to lead the special investigation of the company's financial situation.

1.2 Director absence

| Name of absent director | Position of absent director | Reason for absence | Name of proxy |
|-------------------------|-----------------------------|--------------------|---------------|
| W Shigang | Non-executive director | Work | Zhang Dehe |
| Cheng Ya | Independent director | Work | Wang Yuhui |

1.3 Chen Tak Wing, the independent director of the Company, Chen Xiaogang, the independent director of the Company, and Li Xijia, the head of the Accounting Department (the independent director of the Company), shall have the right, according to the provisions of the Charter and the Articles of Association, to lead the special investigation of the company's financial situation.

1.4 The 2017 financial statement of the Company has been audited.

II. BASIC INFORMATION OF THE COMPANY

2.1 Major financial data

| | Unit: Yuan, Currency: RMB | | |
|--|---|--|--|
| | As at the end of this Reporting Period | At the end of the Reporting Period | Increase/Decrease Percentage (%) |
| Total | 30,403,497,132 | 29,865,845,423 | 1.80 |
| Net identifiable intangible assets | 18,744,059,525 | 18,033,617,524 | 3.94 |
| | From the beginning of 2017 to the end of the Reporting Period | From the beginning of the Reporting Period | Increase/Decrease Percentage (%) |
| Net identifiable intangible assets | 1,052,335,467 | 595,019,344 | 76.86 |
| | From the beginning of 2017 to the end of the Reporting Period | From the beginning of the Reporting Period | Increase/Decrease Percentage (%) |
| Operating | 4,197,598,309 | 3,567,039,473 | 17.68 |
| Net identifiable intangible assets | 692,879,063 | 583,071,294 | 18.83 |
| Net identifiable intangible assets, excluding goodwill | 685,237,597 | 580,994,264 | 17.94 |
| Return on equity | 3.77 | 3.49 | Increase by 0.28 percentage points |
| Basic earnings per share (Yuan/Share) | 0.28 | 0.23 | 21.74 |
| Diluted earnings per share (Yuan/Share) | 0.28 | 0.23 | 21.74 |

Non-recurring profit and loss items and amounts

Unit: Yuan, Currency: RMB

| Items | Amount for the current period |
|--|-------------------------------|
| Profit attributable to the controlling shareholders | -14,348,093 |
| Gain on the disposal of subsidiaries (including the disposal of subsidiaries of the Company, including the disposal of subsidiaries of the Company, including the disposal of subsidiaries of the Company) | 21,104,663 |
| Gain on the disposal of subsidiaries (including the disposal of subsidiaries of the Company, including the disposal of subsidiaries of the Company, including the disposal of subsidiaries of the Company) | -1,344,643 |
| Other non-recurring income | 5,366,091 |
| Income tax expense (after tax) | -118 |
| Effective income | -3,136,434 |
| Total | <u><u>7,641,466</u></u> |

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

Unit: Share

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

Shareholding of top ten shareholders

| Name of shareholders (Full name) | Shareholding at | | Number of shares held with selling restrictions | Pledge or moratorium | | Nature of shareholder |
|--|-------------------|----------------|---|----------------------|--------|---------------------------|
| | the end of period | Percentage (%) | | Status of shares | Number | |
| HKSCC NOMINEES LIMITED (Name) | 491,731,200 | 19.60 | Uk | | | Uk |
| Saidel Limited | 390,578,816 | 15.57 | Nil | | | Overseas legal entity |
| Hee Chaikable Fund | 290,000,000 | 11.56 | Nil | | | Debt-secured legal entity |
| Hong Kong Securities Clearing Company Limited | 227,066,406 | 9.05 | Uk | | | Uk |
| TEMASEK FULLERTON ALPHA PTE LTD | 38,653,598 | 1.54 | Uk | | | Uk |
| Fujian Yaha Industrial Village Development Co., Ltd. | 34,277,742 | 1.37 | Pledged | 13,700,000 | | Debt-secured legal entity |
| Bai Yigui | 26,424,759 | 1.05 | Uk | | | Uk |
| Cheal Hijia Management Ltd. | 24,598,300 | 0.98 | Uk | | | Uk |
| Canada Pacific Investment Fund | 22,441,781 | 0.89 | Uk | | | Uk |
| Li Shengig | 20,376,138 | 0.81 | Uk | | | Uk |

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

| Name of shareholders | Number of tradable shares not subject to selling restrictions | Types and number of shares | |
|---|---|----------------------------|-------------|
| | | Types | Number |
| HKSCC NOMINEES LIMITED (N e) | 491,731,200 | O e ea li ed f eig ha e | 491,731,200 |
| Sa iDe el e Li ied | 390,578,816 | O di a ha e de i aed i RMB | 390,578,816 |
| He e Cha iable F dai | 290,000,000 | O di a ha e de i aed i RMB | 290,000,000 |
| H gK gSec iie Clea i g C a Li ied | 227,066,406 | O di a ha e de i aed i RMB | 227,066,406 |
| TEMASEK FULLERTON ALPHA PTE LTD | 38,653,598 | O di a ha e de i aed i RMB | 38,653,598 |
| F jia Ya h a I d ial Village De el e C ., L.d. | 34,277,742 | O di a ha e de i aed i RMB | 34,277,742 |
| Bai Y gli | 26,424,759 | O di a ha e de i aed i RMB | 26,424,759 |
| Ce alH jji A e Ma age e L.d. | 24,598,300 | O di a ha e de i aed i RMB | 24,598,300 |
| Ca adaPe i Pla I e e B a d O F d | 22,441,781 | O di a ha e de i aed i RMB | 22,441,781 |
| Li She g i g | 20,376,138 | O di a ha e de i aed i RMB | 20,376,138 |

E la ai he c eced elai hi The de fac c lle fSa iDe el e Li ied a d
a ie aci gi c ce a g he F jia Ya h a I d ial Village De el e C ., L.d. a e
ab e ha eh lde fa il e be .A g he e ai i g eigh ha eh lde
bjec elli g e ici ,i i ce ai he he he e i
a c eced elai hi a g he ha eh lde a d he he
ch ha eh lde a e a ie aci gi c ce hich fall i hi
he ea i g de he Mea e f he Ad i i ai f
I f ai Di cl e fCha ge fSha eh ldi g Held b
Sha eh lde fLi edC a ie .

N e: HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) h ld ha e
behalf f e e al c e .

III. SIGNIFICANT EVENTS

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

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

Unit: Yuan, Currency: RMB

| Items | Balance as at the end of the period | Balance | | Percentage of decrease |
|---------------------------|-------------------------------------|--------------------------------|--------------------------|------------------------|
| | | at the beginning of the period | at the end of the period | |
| Financial assets | | | | |
| Intangible assets | - | 1,951,267 | -1,951,267 | -100.00% |
| Non-current receivables | 26,853,132 | 16,936,288 | 9,916,844 | 58.55% |
| Other non-current assets | 385,381 | 289,450 | 95,931 | 33.14% |
| Financial liabilities | | | | |
| Intangible liabilities | 8,495,213 | | 8,495,213 | 100.00% |
| Borrowings | 918,394,972 | 613,982,362 | 304,412,610 | 49.58% |
| Accounts payable | 29,528,277 | 21,435,585 | 8,092,692 | 37.75% |
| Employee benefits payable | 233,612,927 | 420,291,759 | -186,678,832 | -44.42% |
| Income tax payable | 21,432,953 | 15,286,048 | 6,146,905 | 40.21% |
| Other current liabilities | 304,925,971 | 608,604,575 | -303,678,604 | -49.90% |

a. Decrease in financial assets: Intangible assets added due to the expiration of the useful life of the intangible assets.

b. Increase in non-current receivables: mainly due to the increase in long-term receivables.

- c. I c ea e i he -c e a e a d e a i c ea e i
i VAT eal e a e ded c ed b age (f he hi ee h
h).
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i i f he b d i e e a able.
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d i g he Re i g Pe i d.

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

Unit: Yuan, Currency: RMB

| Items | Amount for the current period | Amount for the comparable period | Change/Decrease | Percentage of Change/Decrease |
|-------------------------------|-------------------------------|----------------------------------|-----------------|-------------------------------|
| Total change | 47,680,613 | 32,750,204 | 14,930,409 | 45.59% |
| Financial expense | 26,025,477 | 49,545,355 | -23,519,878 | -47.47% |
| Gain/loss of financial assets | -3,576,480 | -1,676,009 | -1,900,471 | 113.39% |
| Interest expense | -168,647 | 1,089,746 | -1,258,393 | -115.48% |
| Non-recurring income | 26,774,830 | 8,699,079 | 18,075,751 | 207.79% |
| Non-recurring expense | 14,652,169 | 3,988,416 | 10,663,753 | 267.37% |
| Income tax expense | 170,077,760 | 128,121,996 | 41,955,764 | 32.75% |

a. Income tax expense added change mainly due to clarification of the tax base, the tax rate, vehicle and the age of the tax base of the advertising fee and the change in accordance with the PRC Income Tax Accounting Treatment of Value Added Tax (Cai Kai [2016] No. 22) issued by the Ministry of Finance of the PRC since March 1, 2016.

b. Year-on-year decrease in financial expense mainly due to the decrease in interest expense incurred during the Reporting Period.

c. Loss of financial assets mainly due to the loss of financial assets and the change in the fair value of the investment.

d. Decrease in interest expense mainly due to the loss of the Ji Ke Glass Industry Shanghai Co., Ltd., and the change in the contract, during the Reporting Period.

e. Income tax expense - non-recurring income mainly due to the change in the tax rate of the investment.

f. Income tax expense - non-recurring expense mainly due to the change in the fair value of the investment.

g. Income tax expense - interest expense mainly due to the change in the fair value of the investment.

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

Unit: Yuan, Currency: RMB

| Items | Amount for the current period | Amount for the comparable period | Change/Decrease | Percentage of Change/Decrease |
|---|-------------------------------|----------------------------------|-----------------|-------------------------------|
| Cash received from sale of goods and services | 5,188,972,399 | 3,826,823,060 | 1,362,149,339 | 35.59% |
| Repayment of change | 56,272,360 | 36,231,893 | 20,040,467 | 55.31% |
| Cash received from sales of goods | 57,178,068 | 22,102,132 | 35,075,936 | 158.70% |
| Cash received from sales of goods | 3,521,710 | 1,000,000 | 2,521,710 | 252.17% |
| Cash paid for sales of goods | 300,000,000 | | 300,000,000 | -100.00% |
| Cash received from sales of goods | - | 300,000,000 | -300,000,000 | -100.00% |
| Cash received from sales of goods | 1,456,807,150 | 969,850,397 | 486,956,753 | 50.21% |
| Cash paid for sales of goods | | 1,135,849 | -1,135,849 | -100.00% |

a. Increase in cash received from sale of goods and services mainly due to acceleration of collection of receivables.

b. Increase in net change in cash and cash equivalents mainly due to the increase in cash and cash equivalents (the increase in cash and cash equivalents is 13% and 17% in 2016).

c. Increase in cash received from sales of goods mainly due to the increase in sales of goods.

d. Increase in cash received from sales of goods mainly due to the increase in sales of goods.

e. Increase in cash paid for sales of goods mainly due to the increase in cash paid for sales of goods.

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 b i g a i d i g hi e i d.
- h. Dec ea e i ca h aid ela i g he fi a ci g ac i i ie a
 ai l d e fee aid f i a ce f l a h -e fi a ci g
 b d d i g he c e di g e i d fla ea .

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

N a licable

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

| Background of undertakings | Type of undertakings | Undertaking party | Content of undertakings | Time and term of the undertakings | Has performance period or not | Fulfill in a timely and strict manner or not |
|----------------------------|----------------------|-------------------------|---|--|-------------------------------|--|
| O he de aki g | Di ide d di ib i | F a Gla I d G C ., L d. | The di ide d di ib i la f he e i h lde f he C a f he e hee ea (2015 2017) i a f ll : 1. Me h d f fi di ib i : S bjec ele a la , eg lai , ai ed c e , A icle f A cia i ad ele a i i ad c di i de hi la , ad he e ie ha he c i e c ad abili f he fi di ib i lic ae g a a eed, he C a a di ib e di ide d i ca h, i ha e , i ac bi ai f b h ca h ad ha e he ie a e i ed b la ad eg lai . The fi di ib i hall e eed he acc lai e di ib able fi i h e j dice he C a ' abili f c i g e ai . A g he e di ib i e h d , efe e ce ill be gi e ca h di ide d a c a ed ha e di ide d. Whe e e he C a alifie di ib e ca h di ide d, he ca h di ide d hall be ad ed f fi di ib i . If he C a decide di ib e fi b a f ha e di ide d, ch eal ad ea able fac a he C a ' g ha d di i f e a e al e e ha e hall be ake i c ide ai . 2. Fe e c f fi di ib i : O he e ie ha he C a ec d fi f he ea ih i e acc lai e fi di ib ed, i hall ake fi di ib i a lea ce a ea . The C a ca al decla e i e i ca h di ide d. I he e hee ea , he b ad f he C a ca e decla e i e i di ide d acc di g he c e fi a e, c di i f ca h fl , de el e age ad ca ial eed . 3. The ecific c di i f ca h di ide d ad he i i ai f ca h di ide d: U de he ec di i ha he C a ca ai ai c i g e ai ad l g- e de el e , if he C a ha ch a e a aj i e e la aj ca h e e di e (he ha i e e jec f ded ih eed f f dai i g), he C a hall, he e ie ha he C a ec d fi f he ea ih i e acc lai e fi di ib ed, di ib e di ide d i ca h ad he fi f he C a di ib e di ca h hall be le ha 20% f he di ib able fi achie d i g ha ea . The ecific di ide d ai f each ea hall be ed b he b ad acc di g he a al fi e f a ce ad he f e ca ial e la f he C a . 4. S ecific di i de hich ha e ill be i ed i lie f di ide d: Whe e he C a ' b i e i i a d c di i ad he b ad c ide ha he ea i g e ha e, ck ice ad e a e al e e ha e f he C a d eflec i ha e ca ial e, he C a a e di ide d di ib i i ha e , ided ha he ab e c di i f di ide d di ib i i ca h a e f ll ai fied. Whe de e i i g he ecific a f fi di ib i i ha e, f ll c ide ai hall be gi e he he al ha e ca ial di ib i f di ide d i ha e | P bli hi g da e f de aki g : Ma ch 12, 2015 Pe f a ce e i d f de aki g : be ee Ja a 1, 2015 a d Dece be 31, 2017 | Ye | Ye |

| Background of undertakings | Type of undertakings | Undertaking party | Content of undertakings | Time and term of the undertakings | Has performance period or not | Fulfill in a timely and strict manner or not |
|----------------------------|----------------------|-------------------|---|-----------------------------------|-------------------------------|--|
| | | | <p>ache ih he ce eai he, fig had dil i fae ale e haef heC a hile he i fle ce c ff e deb fi a ci g hall be ake i c ide ai e e he fi di ib i la i c lia ce ih he e all i ee adl g-e be efi f he ha eh lde a a h le. 5. Diffe e ial ca h di ide d lic : he b a d f he C a hall ake i c che i e c ide ai ch fac a he cha ac e i c a d de el e age f he i d he e he C a e a e i b i e , i e a i al del, ea ig le el a d he e i e ce f aj ca i ale e di e a a ge e , cla if he fl ig a d e diffe e ial ca h di ide d lic acc di g he ced e i la di he A ic le f A cia i : (1) he e he C a i a de el ed age ih a aj ca i ale e di e a a ge e , he i i ai ake b ca h di ide di he fi di ib i hall be 80% he di ib ig fi ; (2) he e he C a i a de el ed age ih aj ca i ale e di e a a ge e , he i i ai ake b ca h di ide di he fi di ib i hall be 40% he di ib ig fi ; (3) he e he C a i a de el ig age ih aj ca i ale e di e a a ge e , he i i ai ake b ca h di ide di he fi di ib i hall be 20% he di ib ig fi ; he e i ha d cla if he de el e age f he C a a d he e i a aj ca i ale e di e a a ge e , he C a a deal ih he fi di ib i acc di g he f e i e . 6. If he C a ec ded fi i he e i fi a cial ea b he b a d f he C a did e a ca h di ide d la a he d f he e i fi a cial ea , he C a hall c l i h i i de e de di ec a d di cl e ea f e ca h di ide d la a d he e f e e ig ch ca i al hich ha bee ed f di ide d di ib i i he e i dic e . I de e de di ec hall e e i de e de i i a d di cl e he a e blicl . 7. F lai a di le e a i f fi di ib i la : a he e d f each fi a cial ea , he b a d f he C a hall e a fi di ib i la a d b i he ge e al ee ig f c ide ai . The fi di ib i la f he C a hich he C a elc e a gge i f ha eh lde , i de e de di ec a d he e i c i ee, i de he e i i f he ha eh lde , i de e de di ec a d he e i c i ee. A fe he fi di ib i la i e l ed a he ge e al ee ig f he C a , he b a d f he C a hall c le he di ib i f di ide d (ha e) i hi h a f e c e i g he ge e al ee i g.</p> | | | |

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

Not applicable

Na e f he C a F a Gla I d G C ., L d.
Legal e e e a i e Ch Tak W g
Da e A il 26, 2017

IV. APPENDIX

4.1 Financial statements

Consolidated Balance Sheet

March 31, 2017

Prepared by: F&G Limited Group Co., Ltd.

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

| Items | Closing balance | Opening balance |
|---|-----------------------|-----------------------|
| Current assets: | | |
| Cash and bank deposits | 7,618,654,413 | 7,211,178,987 |
| Securities | | |
| Placements | | |
| Financial assets held for sale | | 1,951,267 |
| Derivative financial assets | | |
| Net receivables | 1,047,431,186 | 871,597,857 |
| Accounts receivable | 2,943,981,474 | 3,636,343,106 |
| Advances | 185,350,439 | 150,956,724 |
| Prepaid receivables | | |
| Receivables | | |
| Derivative receivables | | |
| Intangible assets | | |
| Deferred receivables | | |
| Other receivables | 102,651,003 | 118,430,342 |
| Financial assets measured at fair value | | |
| Intangible | 3,172,735,514 | 2,785,865,099 |
| Available-for-sale | | |
| Available-for-sale | | |
| Non-current derivative | 26,853,132 | 16,936,288 |
| Other current assets | 139,691,907 | 174,699,089 |
| Total current assets | 15,237,349,068 | 14,967,958,759 |

| Items | Closing balance | Opening balance |
|-------------------------------------|-----------------------|-----------------------|
| Non-current assets: | | |
| Land and lease | | |
| Available-for-sale financial assets | | |
| Held-for-sale investments | | |
| Long-term receivable | | |
| Long-term investments | 101,367,778 | 101,536,425 |
| Intangible intangible | | |
| Fixed assets | 9,373,727,233 | 9,267,464,872 |
| Construction in progress | 3,951,338,026 | 3,821,964,355 |
| Construction in progress | | |
| Fixed assets under development | | |
| Biological assets | | |
| Oil and gas assets | | |
| Intangible assets | 1,144,735,465 | 1,148,077,027 |
| Debt | | |
| Goodwill | 74,678,326 | 74,678,326 |
| Long-term employee benefits | 327,862,769 | 290,472,267 |
| Deferred tax assets | 192,053,086 | 193,403,942 |
| Other non-current assets | 385,381 | 289,450 |
| | <u>15,166,148,064</u> | <u>14,897,886,664</u> |
| Total non-current assets | | |
| | <u>30,403,497,132</u> | <u>29,865,845,423</u> |
| Total assets | | |

| Items | Closing balance | O e i g bala ce |
|---|-----------------------------|-----------------------------|
| Current liabilities: | | |
| Sh - e b i g | 4,644,875,804 | 4,255,037,518 |
| B i g f he ce al ba k | | |
| C e a d i e ba k de i | | |
| B i g f i e ba k | | |
| Fi a cial liabili e a fai al e h gh fi l | 8,495,213 | |
| De i a i e fi a cial liabili e | | |
| N e a able | 918,394,972 | 613,982,362 |
| Acc a able | 1,187,673,789 | 1,300,220,344 |
| Ad a ce f c e | 29,528,277 | 21,435,585 |
| A f ale f e cha ed fi a cial a e | | |
| Ba k cha ge a dc i i d e | | |
| E l ee be fi a able | 233,612,927 | 420,291,759 |
| Ta e a able | 410,186,882 | 558,062,870 |
| I e e a able | 21,432,953 | 15,286,048 |
| Di ide d a able | | |
| O he a able | 953,338,862 | 1,090,612,474 |
| Rei a ce acc a able | | |
| P i i f i a ce c ac | | |
| C e de i f adi gi ec i e | | |
| A d e i e f ec i e de i i g | | |
| Liabili e f di al g cla ified a held-f - ale | | |
| N -c e liabili e de i hi e ea | 808,000,000 | 808,000,000 |
| O he c e liabili e | 304,925,971 | 608,604,575 |
| Total current liabilities | <u>9,520,465,650</u> | <u>9,691,533,535</u> |

| Items | Closing balance | O e i g bala ce |
|---|------------------------------|------------------------------|
| Non-current liabilities: | | |
| L g- e b i g | 776,000,000 | 776,000,000 |
| Debe e a able | 797,852,634 | 797,530,999 |
| I cl di g: P efe e ce ha e Pe e al liabili e | | |
| L g- e a able | | |
| L g- e ala ie a able | | |
| S ecific a able | | |
| Acc ed liabili e | | |
| Defe ed i c e | 478,268,161 | 481,827,522 |
| Defe ed a liabili e | 82,769,899 | 80,407,573 |
| O he -c e liabili e | | |
| | ----- | ----- |
| Total non-current liabilities | 2,134,890,694 | 2,135,766,094 |
| | <u><u>2,134,890,694</u></u> | <u><u>2,135,766,094</u></u> |
| Total liabilities | 11,655,356,344 | 11,827,299,629 |
| | <u><u>11,655,356,344</u></u> | <u><u>11,827,299,629</u></u> |

| Items | Closing balance | Opening balance |
|---|------------------------------|------------------------------|
| Owners' equity | | |
| Share capital | 2,508,617,532 | 2,508,617,532 |
| Other reserves | | |
| Including: Preference share | | |
| Preferential liability | | |
| Capital | 6,228,753,097 | 6,228,753,097 |
| Liabilities | | |
| Other comprehensive income | 108,601,061 | 91,038,123 |
| Social reserve | | |
| Surplus | 1,634,319,463 | 1,634,319,463 |
| General reserve | | |
| Undivided profit | <u>8,263,768,372</u> | <u>7,570,889,309</u> |
| Total equity attributable to equity holders of the Company | <u>18,744,059,525</u> | <u>18,033,617,524</u> |
| Minority interest | <u>4,081,263</u> | <u>4,928,270</u> |
| Total owners' equity | <u>18,748,140,788</u> | <u>18,038,545,794</u> |
| Total liabilities and owners' equity | <u>30,403,497,132</u> | <u>29,865,845,423</u> |

| | | |
|------------------------------|-----------------------------|---------------------------|
| <i>Legal representative:</i> | <i>Principal accountant</i> | <i>Head of Accounting</i> |
| Cho Tak Wong | Chen Xiangming | Lin Xuejuan |

Balance Sheet of the Company

March 31, 2017

Prepared by: Financial Department, Ltd.

Unit: Yuan Currency: RMB Audit Type: Unaudited

| Items | Closing balance | Opening balance |
|-------------------------------------|-----------------------|-----------------------|
| Current assets: | | |
| Cash and bank deposits | 7,443,594,797 | 6,587,731,042 |
| Financial assets held for trading | | |
| Derivatives financial assets | | |
| Receivables | 998,892,514 | 800,076,560 |
| Accounts receivable | 465,173,830 | 361,285,253 |
| Advances | 25,723,335 | 23,564,221 |
| Interest receivable | | |
| Dividends receivable | 2,360,297,323 | 213,608,642 |
| Other receivables | 10,464,233,299 | 9,856,598,443 |
| Intangible assets | 427,809,717 | 426,578,001 |
| Available-for-sale financial assets | | |
| Non-current receivables | 1,380,432 | 839,850 |
| Other current assets | 33,862,158 | 21,912,456 |
| Total current assets | 22,220,967,405 | 18,292,194,468 |

| Items | Closing balance | O e i g bala ce |
|---------------------------------|------------------------------|------------------------------|
| Non-current assets: | | |
| A ailable-f ale fi a cial a e | | |
| Held- - a i i e e | | |
| L g-e eeci able | 154,544,320 | 155,388,800 |
| L g-e e i i e e | 5,642,026,761 | 5,554,988,875 |
| I e e e ie | | |
| Fi ed a e | 586,350,460 | 616,052,406 |
| C ci i ge | 81,208,921 | 40,770,551 |
| C ci ae ial | | |
| Fi ed a e e di g f di al | | |
| Bea e bi l gical a e | | |
| Oil a d ga a e | | |
| I a gible a e | 60,886,141 | 57,781,176 |
| De el e c | | |
| G d ill | 48,490,007 | 48,490,007 |
| L g-e e aide e e | 15,473,058 | 17,335,425 |
| Defe ed a a e | 4,114,342 | 5,892,522 |
| O he -c e a e | | |
| | <hr/> | <hr/> |
| Total non-current assets | <u>6,593,094,010</u> | <u>6,496,699,762</u> |
| Total assets | <u>28,814,061,415</u> | <u>24,788,894,230</u> |

| Items | Closing balance | O e i g bala ce |
|---|-----------------------|----------------------|
| Current liabilities: | | |
| Sh - e b i g | 1,370,435,304 | 426,672,868 |
| Fi a cial liabili e a fai al e h gh fi l | 6,870,000 | |
| De i a i e fi a cial liabili e | | |
| N e a able | 2,218,205,186 | 2,123,644,487 |
| Acc a able | 154,579,119 | 196,871,770 |
| Ad a ce f c e | 233,629,845 | 157,361,156 |
| E l ee be efi a able | 40,676,390 | 102,322,228 |
| Ta e a able | 122,752,662 | 147,655,124 |
| I e e a able | 20,597,762 | 12,384,795 |
| Di ide d a able | | |
| O he a able | 5,948,632,045 | 4,807,963,309 |
| Liabili e f di al g cla ified a held-f - ale | | |
| N -c e liabili e d e i hi e ea | 808,000,000 | 808,000,000 |
| O he c e liabili e | 304,925,971 | 608,604,575 |
| | <hr/> | <hr/> |
| Total current liabilities | 11,229,304,284 | 9,391,480,312 |
| | <hr/> <hr/> | <hr/> <hr/> |

| Items | Closing balance | O e i g bala ce |
|---|------------------------------|------------------------------|
| Non-current liabilities: | | |
| L g- e b i g | 776,000,000 | 776,000,000 |
| Debe e a able | 797,852,634 | 797,530,999 |
| I cl di g: P efe e ce ha e Pe e al liabili e | | |
| L g- e a able | | |
| L g- e ala ie a able | | |
| S ecific a able | | |
| Acc ed liabili e | | |
| Defe ed i c e | 28,604,388 | 27,189,358 |
| Defe ed a liabili e | 37,028,297 | 35,782,179 |
| O he -c e liabili e | | |
| | ----- | ----- |
| Total non-current liabilities | <u>1,639,485,319</u> | <u>1,636,502,536</u> |
| Total liabilities | <u>12,868,789,603</u> | <u>11,027,982,848</u> |

| Items | Closing balance | Opening balance |
|---|------------------------------|------------------------------|
| Owners' equity: | | |
| Share capital | 2,508,617,532 | 2,508,617,532 |
| Other reserves | | |
| Included: Preference share | | |
| Preferential liability | | |
| Capital | 6,202,552,740 | 6,202,552,740 |
| Leasehold | | |
| Other receivables | | |
| Social reserve | | |
| Share premium | 1,634,319,463 | 1,634,319,463 |
| Undivided profit | <u>5,599,782,077</u> | <u>3,415,421,647</u> |
| Total owners' equity | <u>15,945,271,812</u> | <u>13,760,911,382</u> |
| Total liabilities and owners' equity | <u>28,814,061,415</u> | <u>24,788,894,230</u> |

| | | |
|---------------------|----------------------------|----------------------------|
| <i>Leasehold:</i> | <i>Principal amount of</i> | <i>Head office Account</i> |
| Cho Tak Wong | <i>accrual:</i> | <i>Details:</i> |
| | Chen Xiangming | Lin Xuejuan |

Consolidated Income Statement

January - March 2017

Period: February - March 2017

Unit: Yuan; Currency: RMB; Attribute: Unaudited

| Items | Amount for the current period | Amount for the corresponding period |
|-----------------------------------|-------------------------------|-------------------------------------|
| I. Total operating revenue | 4,197,598,309 | 3,567,039,473 |
| Included: Operating revenue | 4,197,598,309 | 3,567,039,473 |
| Interest income | | |
| Provisional | | |
| Incidental handling fee | | |
| Advertising | | |
| II. Total cost of sales | 3,343,866,027 | 2,860,666,862 |
| Included: Cost of sales | 2,344,169,420 | 1,991,303,838 |
| Interest expense | | |
| Handling fee | | |
| Advertising | | |
| Selling expense | | |
| Net distribution | | |
| Commission | | |
| Net financial expense | | |
| Contract | | |
| Employee financial expense | | |
| Dividend | | |
| Reimbursement | | |
| Tax charge | 47,680,613 | 32,750,204 |
| Selling distribution expense | 314,753,365 | 285,242,655 |
| General administrative expense | 609,978,100 | 500,257,443 |
| Financial expense | 26,025,477 | 49,545,355 |
| Administrative | 1,259,052 | 1,567,367 |
| Add: Provisional | | |
| Change in fair value | | |
| (Less: net loss) | -3,576,480 | -1,676,009 |
| Interest expense (Less: net loss) | -168,647 | 1,089,746 |
| Included: Shareholder financial | | |
| Adjustment | -168,647 | 1,089,746 |
| Gain or loss | | |
| Change (Less: net loss) | | |

| Items | Amount for the current period | A f the c e d i g e i d f e i ea |
|---|----------------------------------|---|
| III. Operating profit (losses are represented by "-") | 849,987,155 | 705,786,348 |
| Add: N - e a i g i c e | 26,774,830 | 8,699,079 |
| I c l d i g: G a i d i a l f | | |
| -c e a e | 97,157 | 93,623 |
| Le : N - e a i g e e e | 14,652,169 | 3,988,416 |
| I c l d i g: L e d i a l f | | |
| -c e a e | 14,445,250 | 3,424,351 |
| IV. Total Profit (total losses are represented by "-") | 862,109,816 | 710,497,011 |
| Le : I c e a e e e | 170,077,760 | 128,121,996 |
| V. Net Profit (losses are represented by "-") | 692,032,056 | 582,375,015 |
| P f i a i b a b l e h e e i h l d e f | | |
| h e C a | 692,879,063 | 583,071,294 |
| M i i c l l i g i e e | -847,007 | -696,279 |
| VI. Net amount of other comprehensive income after tax | 17,562,938 | 15,298,734 |
| Ne a f h e c h e i e i c e | | |
| a f e a a i b a b l e h e e i h l d e | | |
| f h e C a | 17,562,938 | 15,298,734 |
| (I) O h e c h e i e i c e h i c h i l l | | |
| b e e c l a i f i e d b e e l | | |
| g a i l | | |
| 1. C h a g e i e - e a e e f e | | |
| l i a b i l i e e a e f d e f i e d | | |
| b e e f i l a | | |
| 2. S h a e i h e c h e i e | | |
| i c e h i c h i l l b e | | |
| e c l a i f i e d i f i a d l | | |
| f i e e e i e d e h e | | |
| e i e h d | | |

| Items | Amount for the current period | Amount for the previous period |
|--|----------------------------------|-----------------------------------|
| (II) Other comprehensive income which will be classified as non-current assets | 17,562,938 | 15,298,734 |
| 1. Share in the other comprehensive income of subsidiaries | | |
| 2. Gain from change in fair value of available-for-sale financial assets | | |
| 3. Gain from reclassification of held-to-maturity investments to available-for-sale financial assets | | |
| 4. Valid after-tax cost of hedging | | |
| 5. Difference in fair value of available-for-sale financial assets | 17,562,938 | 15,298,734 |
| 6. Other | | |
| Net available-for-sale investments | | |
| VII. Total comprehensive income | 709,594,994 | 597,673,749 |
| Total comprehensive income attributable to the holders of the Company | 710,442,001 | 598,370,028 |
| Total comprehensive income attributable to minority shareholders | -847,007 | -696,279 |
| VIII. Earnings per share | | |
| (1) Basic earnings per share (RMB/share) | 0.28 | 0.23 |
| (2) Diluted earnings per share (RMB/share) | 0.28 | 0.23 |

For the reporting period, the Company did not have any dividends, share repurchases or share buybacks.

Prepared by the Accounting Department

| | | |
|---------------------|-----------------------|---------------------|
| Lead Auditor: | Prepared by: | Head of Accounting: |
| Cho Tak Wong | Chen Xiangming | Lin Xuejuan |

Income Statement of the Company

January - March 2017

Period: February - March, Ltd.

Unit: Yuan; Currency: RMB; Attribute: Unaudited

| Items | Amount for the current period | Amount for the corresponding period |
|--|-------------------------------|-------------------------------------|
| I. Operating revenue | 991,685,651 | 1,191,673,793 |
| Lease: Commission | 916,761,889 | 1,028,380,605 |
| Trade discount | 4,758,344 | 4,033,231 |
| Selling and distribution fees | 50,440,067 | 56,138,315 |
| General administrative fees | 97,265,279 | 80,708,298 |
| Financial fees | 19,626,471 | 41,299,868 |
| Advertising fee | 557,690 | 1,395,606 |
| Add: Financial charges in fair value (losses are represented by "-") | | 675,290 |
| Interest (losses are represented by "-") | 2,282,822,787 | 1,730,954,198 |
| Included: Shareholding adjustment | 724,596 | 1,089,746 |
| II. Operating profit (losses are represented by "-") | 2,185,098,698 | 1,711,347,358 |
| Add: Non-operating income | 2,604,196 | 995,623 |
| Included: Gain disposal of non-current assets | | 16,548 |
| Lease: Non-operating expenses | 318,167 | 1,657,990 |
| Included: Loss disposal of non-current assets | 318,167 | 1,649,022 |
| III. Total Profit (total losses are represented by "-") | 2,187,384,727 | 1,710,684,991 |
| Lease: Income tax expense | 3,024,297 | 2,783,970 |
| IV. Net Profit (net losses are represented by "-") | 2,184,360,430 | 1,707,901,021 |

| Items | Amount for the current period | Amount for the previous period |
|---|----------------------------------|-----------------------------------|
| V. Net amount of other comprehensive income after tax | | |
| (I) Other comprehensive income which will be classified as equity | | |
| 1. Change in revaluation surplus | | |
| 2. Share in the comprehensive income of associates which will be classified as equity | | |
| (II) Other comprehensive income which will be classified as equity | | |
| 1. Share in the comprehensive income of associates which will be classified as equity | | |
| 2. Gain from available-for-sale financial assets | | |
| 3. Gain from available-for-sale financial assets | | |
| 4. Valid hedge of net investment in foreign operations | | |
| 5. Difference in fair value of financial assets | | |
| 6. Other | | |
| VI. Total comprehensive income | 2,184,360,430 | 1,707,901,021 |

VII. Earnings per share:

| | | |
|---|-----------------------|----------------|
| (1) Basic earnings per share (RMB/ share) | Not applicable | Not applicable |
| (2) Diluted earnings per share (RMB/ share) | Not applicable | Not applicable |

Prepared by *Head of Accounting*
Accountant *Deputy*
Cho Tak Wong **Chen Xiangming** **Lin Xuejuan**

Consolidated Cash Flow Statement

January - March 2017

Prepared by: Financial Department, Ltd.

Unit: Yuan Currency: RMB Amount Type: Unaudited

| Items | Amount for the current period | in Chinese RMB |
|---|-------------------------------|-----------------------------|
| I. Cash flows from operating activities: | | |
| Cash received from sale of goods and services | 5,188,972,399 | 3,826,823,060 |
| Net increase in accounts receivable | | |
| Net increase in other receivables | | |
| Net increase in prepayments | | |
| Cash received from disposal of non-current assets | | |
| Net cash received from disposal of subsidiaries | | |
| Net cash received from disposal of long-term investments | | |
| Net cash received from disposal of financial assets | | |
| Net cash received from disposal of other non-current assets | | |
| Net cash received from disposal of fixed assets | | |
| Net cash received from disposal of intangible assets | | |
| Net cash received from disposal of other non-current assets | | |
| Refund of advance charges | 56,272,360 | 36,231,893 |
| Cash received from other operating activities | 57,178,068 | 22,102,132 |
| Sub-total of cash inflows from operating activities | <u>5,302,422,827</u> | <u>3,885,157,085</u> |

| Items | Amount for the current period | A f he c e di g e i d f e i ea |
|--|-------------------------------------|---|
| Cash aid f g d a d e ice | 2,651,604,112 | 2,045,989,694 |
| Ne i c ea e i c e l a a d ad a ce | | |
| Ne i c ea e i de i i he ce al ba k a d i e ba k de i | | |
| Cash aid f c e a i a e de i gi ali a ce c ac | | |
| Cash aid f i e e , fee a d c i i | | |
| Cash aid f i a ce lic di ide d | | |
| Cash aid a d behalf fe l ee | 986,043,232 | 764,501,615 |
| Pa e f a e a d cha ge | 558,765,495 | 438,049,952 |
| Cash aid ela i g he e a i g ac i i ie | <u>53,674,521</u> | <u>41,596,480</u> |
| Sub-total of cash outflows from operating activities | <u>4,250,087,360</u> | <u>3,290,137,741</u> |
| Net cash flows from operating activities | <u>1,052,335,467</u> | <u>595,019,344</u> |
| II. Cash flows from investing activities: | | |
| Cash ecei ed f di al f i e e | | |
| Cash ecei ed f e i e e | | |
| Ne ca h ecei ed f di al ffi ed a e , i a gible a e a d he l g- e a e | 11,858,878 | 10,436,645 |
| Ne ca h ecei ed f di al f b idia ie a d he b i e i | | |
| Cash ecei ed ela i g he i e i g ac i i ie | <u>3,521,710</u> | <u>1,000,000</u> |
| Sub-total of cash inflows from investing activities | <u>15,380,588</u> | <u>11,436,645</u> |

| Items | Amount for the current period | A c c o u n t i n g t h e c u r r e n t p e r i o d |
|---|-------------------------------------|--|
| Cash paid for acquisition of intangible assets and goodwill | 695,352,632 | 887,488,998 |
| Cash paid for interest on financial liabilities | | |
| Cash paid for acquisition of intangible assets | 300,000,000 | |
| Sub-total of cash outflows from investing activities | 995,352,632 | 887,488,998 |
| Net cash flows from investing activities | -979,972,044 | -876,052,353 |
| III. Cash flows from financing activities: | | |
| Cash received from issuance of financial liabilities | | |
| Cash received from issuance of financial liabilities | 1,546,645,436 | 1,624,436,869 |
| Cash received from issuance of financial liabilities | | 300,000,000 |
| Sub-total of cash inflows from financing activities | 1,546,645,436 | 1,924,436,869 |

| Items | Amount for the current period | Amount for the period ended at |
|--|-------------------------------------|--|
| Cash and cash equivalents | 1,456,807,150 | 969,850,397 |
| Cash and cash equivalents distributed | 33,591,896 | 28,141,295 |
| Included: Cash and cash equivalents held | | |
| Cash and cash equivalents acquired | | 1,135,849 |
| Sub-total of cash outflows from financing activities | <u>1,490,399,046</u> | <u>999,127,541</u> |
| Net cash flows from financing activities | <u>56,246,390</u> | <u>925,309,328</u> |
| IV. Effect of fluctuations in exchange rates on cash and cash equivalents | -32,948,311 | -27,653,747 |
| V. Net increase in cash and cash equivalents | 95,661,502 | 616,622,572 |
| Add: Cash and cash equivalents balance at the beginning of the period | 7,198,834,331 | 5,906,233,126 |
| VI. Cash and cash equivalents balance at the end of the period | <u>7,294,495,833</u> | <u>6,522,855,698</u> |

| | | |
|---------------------|------------------------------|---------------------------|
| <i>Prepared by:</i> | <i>Practising Accountant</i> | <i>Head of Accounting</i> |
| Cho Tak Wong | Chen Xiangming | Lin Xuejuan |

Cash Flow Statement of the Company

January - March 2017

Period: Financial Group Co., Ltd.

Unit: Yuan; Currency: RMB; Attribute: Unaudited

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

| Items | Amount for the current period | A c c o u n t i n g e i d e n t i f i c a t i o n |
|--|-------------------------------------|--|
| II. Cash flows from investing activities: | | |
| Cash received from sale of property, plant and equipment | 135,409,511 | |
| Net cash received from sale of available-for-sale securities | 323,175 | 232,532 |
| Net cash received from sale of investments | | |
| Cash paid for acquisition of property, plant and equipment | | |
| Cash paid for acquisition of investments | | |
| Sub-total of cash inflows from investing activities | <u>135,732,686</u> | <u>232,532</u> |
| Cash paid for acquisition of available-for-sale securities | 52,731,893 | 11,599,265 |
| Cash paid for acquisition of investments | 86,313,289 | |
| Net cash paid for acquisition of investments | | |
| Cash paid for acquisition of investments | 300,000,000 | |
| Sub-total of cash outflows from investing activities | <u>439,045,182</u> | <u>11,599,265</u> |
| Net cash flows from investing activities | <u>-303,312,496</u> | <u>-11,366,733</u> |

| Items | Amount for the current period | A c c o u n t i n g e i d e n t i a l |
|--|-------------------------------------|--|
| III. Cash flows from financing activities: | | |
| Cash received from issuance of equity | 1,301,902,701 | 274,014,729 |
| Cash received from financing activities | 300,000,000 | 300,000,000 |
| Sub-total of cash inflows from financing activities | 1,301,902,701 | 574,014,729 |
| Cash paid for financing activities | 658,140,265 | 218,903,397 |
| Cash paid for interest and dividends | 13,460,506 | 10,742,167 |
| Cash paid for financing activities | 1,135,849 | 1,135,849 |
| Sub-total of cash outflows from financing activities | 671,600,771 | 230,781,413 |
| Net cash flows from financing activities | 630,301,930 | 343,233,316 |
| IV. Effect of fluctuations in exchange rates on cash and cash equivalents | -33,224,026 | -28,122,143 |
| V. Net increase in cash and cash equivalents | 555,863,755 | 330,319,546 |
| Add: Cash and cash equivalents at the beginning of the period | 6,587,731,042 | 5,809,618,357 |
| VI. Cash and cash equivalents balance at the end of the period | 7,143,594,797 | 6,139,937,903 |

P r e s e n t e d a n d a c c e p t e d f o r t h e A c c o u n t a n t s
Le a d e r a n d a c c o u n t a n t *Head f e e A c c o u n t a n t*
Cho Tak Wong **Chen Xiangming** **Lin Xuejuan**

4.2 Audit Report

Not applicable