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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)

2018 THIRD QUARTERLY REPORT

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

Set out below is the 2018 third quarterly report of Fuyao Glass Industry Group Co., Ltd. (the “**Company**”) and its subsidiaries for the nine months ended September 30, 2018 (the “**Reporting Period**”). The financial report contained herein is prepared pursuant to the PRC Accounting Standards for Business Enterprises and has not been audited.

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

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

Fuzhou, Fujian, the PRC, October 25, 2018

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

I. IMPORTANT NOTICE

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

1.2 Directors absent

Name of absent director	Position of absent director	Reason for absence	Name of proxy
Sun Yiqun	Director	Other work commitments	Wu shinong

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

1.4 The 2018 third quarterly report of the Company has not 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	As at the end of previous year		Increase/decrease at the end of this Reporting Period as compared with the end of previous year (%)
		After adjustment	Before adjustment	
Total assets	36,394,811,465	31,704,009,489	31,704,009,489	14.80
Net assets attributable to shareholders of the listed company	20,589,247,490	19,000,835,533	19,000,835,533	8.36
	From the beginning of 2018 to the end of the Reporting Period (January to September)	From the beginning of previous year to the end of the reporting period of previous year (January to September)		Increase/decrease as compared with the corresponding period of previous year (%)
		After adjustment	Before adjustment	
Net cash flows from operating activities	4,518,444,511	3,179,715,512	3,124,665,802	42.10
	From the beginning of 2018 to the end of the Reporting Period (January to September)	From the beginning of previous year to the end of the reporting period of previous year (January to September)		Increase/decrease as compared with the corresponding period of previous year (%)
		After adjustment	Before adjustment	
Operating revenue	15,122,436,925	13,396,966,694	13,399,533,416	12.88
Net profit attributable to shareholders of the listed company	3,262,092,870	2,143,549,923	2,143,549,923	52.18
Net profit attributable to shareholders of the listed company, net of non- recurring gains or losses	2,814,773,512	2,085,025,580	2,085,025,580	35.00
Return rate on weighted average net assets (%)	16.48	11.87	11.87	Increased by 4.61 percentage points
Basic earnings per share (Yuan/share)	1.30	0.85	0.85	52.94
Diluted earnings per share (Yuan/share)	1.30	0.85	0.85	52.94

- 2.1.1 Pursuant to the Interpretation of Issues Relating to the Form of the Financial Statements of General Enterprises for 2018 published by the Ministry of Finance on September 5, 2018, (1) for enterprises acting as the withholding agent for individual income tax, the tax withholding commission charges received in accordance with the Individual Income Tax Law of the People’s Republic of China shall be other items relating to daily activities recognised under “other income” in the Income Statement. According to this requirement, the tax withholding commission charges of RMB4,479,708 received by the Company during the Reporting Period were accounted for and presented as “other income” instead of “other business income” and adjustments were made to the presentation of the comparative data of RMB2,566,722 for the comparable period; (2) the government grants actually received by the enterprises, whether relating to assets or income, shall be presented as cash flow generated from operating activities in preparation of the cash flow statement. According to the requirement, the Company presented the government grants relating to assets of RMB101,049,700 received during the Reporting Period as “cash received relating to other operating activities” instead of “cash received relating to other investing activities” and adjusted the presentation of the comparative data of RMB55,049,710 for the comparable period.
- 2.1.2 During the Reporting Period, the Company realized operating revenue of RMB15,122,436,900, representing an increase of 12.88% as compared with the corresponding period last year; realized total profit of RMB3,946,622,600 (including foreign exchange gains of RMB303,760,400 for the Reporting Period, as compared with foreign exchange losses of RMB303,737,400 for the corresponding period of previous year), representing an increase of 51.71% as compared with the corresponding period of previous year.

Non-recurring profit and loss items and amounts

Unit: Yuan Currency: RMB

Items	Amount for the current period (July to September)	Amount from the beginning of 2018 to the end of the Reporting Period (January to September)	
Profit and loss from disposal of non-current assets	442,207,909	435,596,291	Mainly due to the gains of RMB451 million arising from the transfer of 51% equity interest in Fuyao Group Beijing Futong Safety Glass Co., Ltd.
Government subsidies recorded under current profit and loss (except for those closely related to the normal business operation of the Company, in compliance with requirements of the national policies and entitled continuously to a fixed amount or fixed quantity under the requirements of the State policies)	24,184,021	77,410,938	
Apart from hedging instruments relating to the normal operations of the Company, profit or loss from change in fair value of held-for-trading financial assets and held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets	68,585,787	61,646,345	
Other non-operating income and expenses other than the above items	51,676	8,552,071	
Other profit or loss items falling within the definition of non-recurring profit and loss			
Impact on non-controlling interests (after tax)	1,121,498	1,143,658	
Effect of income tax	-127,748,203	-137,029,945	
Total	<u>408,402,688</u>	<u>447,319,358</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

As at September 30, 2018, the Company had 75,539 holders of A shares and 57 registered holders of H shares in total. The number of shareholders in aggregate is 75,596.

Unit: Shares

Total number of shareholders 75,596

Shareholding of top ten shareholders

Name of shareholders (Full name)	Shareholding at the end of period	Percentage (%)	Number of shares held with selling restrictions	Pledge or moratorium Status of shares	Number	Nature of shareholder
HKSCC NOMINEES LIMITED ^(Note)	491,739,200	19.60		Unknown	-	Unknown
Sanyi Development Limited	390,578,816	15.57		Nil	-	Overseas legal entity
Hong Kong Securities Clearing Company Limited	304,257,219	12.13		Unknown	-	Unknown
Heren Charitable Foundation	290,000,000	11.56		Nil	-	Domestic non-state-owned legal entity
Bai Yongli	34,653,315	1.38		Unknown	-	Unknown
Fujian Yaohua Industrial Village Development Co., Ltd.	34,277,742	1.37		Pledged	14,000,000	Domestic non-state-owned legal entity
China Securities Finance Corporation Limited	28,016,398	1.12		Unknown	-	Unknown
NSSF Portfolio # 406	25,652,841	1.02		Unknown	-	Unknown
Central Huijin Asset Management Ltd.	24,598,300	0.98		Unknown	-	Unknown
Li Haiqing	21,942,159	0.87		Unknown	-	Unknown

Shareholding 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 ^(Note)	491,739,200	Overseas listed foreign shares	491,739,200
Sanyi Development Limited	390,578,816	Ordinary shares denominated in RMB	390,578,816
Hong Kong Securities Clearing Company Limited	304,257,219	Ordinary shares denominated in RMB	304,257,219
Heren Charitable Foundation	290,000,000	Ordinary shares denominated in RMB	290,000,000
Bai Yongli	34,653,315	Ordinary shares denominated in RMB	34,653,315
Fujian Yaohua Industrial Village Development Co., Ltd.	34,277,742	Ordinary shares denominated in RMB	34,277,742
China Securities Finance Corporation Limited	28,016,398	Ordinary shares denominated in RMB	28,016,398
NSSF Portfolio # 406	25,652,841	Ordinary shares denominated in RMB	25,652,841
Central Huijin Asset Management Ltd.	24,598,300	Ordinary shares denominated in RMB	24,598,300
Li Haiqing	21,942,159	Ordinary shares denominated in RMB	21,942,159

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

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

Note: Shares held by HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) are the total number of H shares of the Company held by shareholders which are traded on the trading platform of HKSCC NOMINEES LIMITED on behalf of shareholders.

III. SIGNIFICANT EVENTS

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

3.1.1 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	Notes	Balance as at the end of the period	Balance as at the beginning of the year	Increase/decrease	Percentage of increase/decrease
Held-for-trading financial assets	Note 1	977,639,430	105,489,404	872,150,026	826.77%
Derivative financial assets	Note 1	61,191,768	0	61,191,768	100.00%
Advances to suppliers	Note 2	262,267,116	195,521,295	66,745,821	34.14%
Other receivables	Note 3	202,446,335	105,412,820	97,033,515	92.05%
Assets classified as held-for-sale	Note 4	223,095,303	0	223,095,303	100.00%
Goodwill	Note 5	148,750,287	74,678,326	74,071,961	99.19%
Deferred income tax assets	Note 6	196,158,040	280,595,644	-84,437,604	-30.09%
Short-term borrowings	Note 7	7,637,210,697	5,379,161,092	2,258,049,605	41.98%
Held-for-trading financial liabilities	Note 8	0	23,190,469	-23,190,469	-100.00%
Derivative financial liabilities	Note 8	32,433,581	0	32,433,581	100.00%
Advances from customers	Note 9	0	18,007,856	-18,007,856	-100.00%
Contractual liabilities	Note 9	30,613,303	0	30,613,303	100.00%
Non-current liabilities due within one year	Note 10	751,500,000	8,500,000	743,000,000	8741.18%
Deferred income tax liabilities	Note 11	111,135,315	75,790,241	35,345,074	46.64%
Other comprehensive income	Note 12	3,373,474	-204,408,762	207,782,236	101.65%
Minority interests	Note 13	21,469,578	4,422,741	17,046,837	385.44%

Notes:

1. (1) According to the provisions of the Notice of the Ministry of Finance on Revising and Circulating the Form of Financial Statements of General Enterprises for the Year 2018 (Cai Kuai [2018] No. 15) (《財政部關於修訂印發2018年度一般企業財務報表格式的通知》(財會[2018]15號)) issued by the Ministry of Finance on June 15, 2018, the items previously classified as “financial assets at fair value through profit or loss” at the end of the Reporting Period were reclassified as “held-for-trading financial assets” or “derivative financial assets” by the Company. Pursuant to the transition requirements of the new financial standards, there is no need to adjust the comparable figures for the same period of the previous year in the financial statement for inconsistencies with the new financial standards.
 - (2) Changes in held-for-trading financial assets were mainly due to the reclassification of the structured deposits held as at the end of the Reporting Period, whose characteristics of contractual cash flow weren’t aligned with the basic debt arrangements, into the said item upon the adoption of the new financial standards during the Reporting Period.
 - (3) Changes in derivative financial assets were primarily due to the estimated financial assets arising from the unsettled CCS currency swap contracts as a result of movements in foreign exchanges rate during the Reporting Period.
2. Increase in advances to suppliers was primarily due to an increase in advances to suppliers for the purchased raw glass.
3. Increase in other receivables was primarily due to deposits paid by Fuyao Europe GmbH, a subsidiary of the Company, for the lease of properties during the Reporting Period.
4. Increase in assets classified as held-for-sale was primarily due to the reclassification of the remaining equity interest in Fuyao Group Beijing Futong Safety Glass Co., Ltd. (“Beijing Futong”) under this item following the completion of transfer of 51% equity interest in Beijing Futong by the Group.
5. Increase in goodwill was primarily due to the consolidation of 78% equity interest in Sanqi (Xiamen) Precision Manufacture Company Ltd. (三騏(廈門)精密製造有限公司) not subject to common control of the Group, and the recognition of the positive difference between consolidation costs and the fair value of identifiable net assets as goodwill during the Reporting Period.
6. Decrease in deferred income tax assets was primarily due to the written-off of the deferred income tax assets recognized last year since the Company still recorded taxable income during the Reporting Period.
7. Increase in short-term borrowings was primarily due to an increase in working capital needs.

8. (1) According to the provisions of the Notice of the Ministry of Finance on Revising and Circulating the Form of Financial Statements of General Enterprises for the Year 2018 (Cai Kuai [2018] No. 15) issued by the Ministry of Finance on June 15, 2018, the items previously classified as “financial liabilities at fair value through profit or loss” at the end of the Reporting Period were reclassified as “derivative financial liabilities” by the Company. Pursuant to the transition requirements of the new financial standards, there is no need to adjust the comparable figures for the same period of the previous year in the financial statement for inconsistencies with the new financial standards.

(2) Changes in derivative financial liabilities were primarily due to the estimated financial liabilities arising from the unsettled foreign exchange call option contracts sold during the Reporting Period as a result of movements in foreign exchange rates.
9. According to the provisions of the Notice of the Ministry of Finance on Revising and Circulating the Form of Financial Statements of General Enterprises for the Year 2018 (Cai Kuai [2018] No. 15) issued by the Ministry of Finance on June 15, 2018, the items which were previously classified as “advances from customers” at the end of the Reporting Period and could be recognized as “contractual liabilities” were reclassified thereunder by the Company. Pursuant to the transition requirements of the new revenue standards, no adjustment was made to the comparable figures for the same period of the previous year.
10. Increase in non-current liabilities due within one year was primarily due to the reclassification of long-term borrowings due within one year under this item.
11. Increase in deferred income tax liabilities was primarily due to more unrealized gains arising from the unsettled CCS currency swap contracts resulting from movements in foreign exchange rates recognized as deferred income tax liabilities during the Reporting Period.
12. Increase in other comprehensive income was primarily due to an increase in foreign currency translation differences arising from Renminbi depreciation during the Reporting Period.
13. Increase in minority interests was primarily because both Sanqi (Xiamen) Precision Manufacture Company Ltd., which was acquired by the Company during the Reporting Period, and Fujian Triplex Auto Services Co., Ltd., which was indirectly controlled by the Company through acquisition of Fujian Triplex Holdings Group Company Limited during the Reporting Period, were non-wholly owned subsidiaries of the Company, and the remaining 22% and 40% equity interest in these two companies, respectively, were presented under this item.

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

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the comparable period	Increase/ decrease	Percentage of increase/ decrease
Financial expenses	-157,010,495	313,515,459	-470,525,954	-150.08%
Investment income	477,354,274	28,943,238	448,411,036	1,549.28%
Gain or loss arising from changes in fair value	67,260,476	-7,201,698	74,462,174	1,033.95%
Gain or loss from disposal of assets	-232,949	9,754,913	-9,987,862	-102.39%
Non-operating income	12,532,448	22,875,947	-10,343,499	-45.22%
Non-operating expenses	18,485,384	41,366,635	-22,881,251	-55.31%
Income tax expenses	688,835,036	457,820,934	231,014,102	50.46%

- (1) Decrease in financial expenses was mainly due to foreign exchange gains of RMB304 million as a result of movements in foreign exchange rates during the Reporting Period as compared with foreign exchange losses of RMB304 million for the corresponding period of previous year.
- (2) Increase in investment income was mainly due to the gains recognized by the Group upon completion of transfer of 51% equity interest in Fuyao Group Beijing Futong Safety Glass Co., Ltd. during the Reporting Period.
- (3) Gains arising from changes in fair value was mainly due to the estimated unrealized gains from the unsettled CCS currency swap contracts as a result of movements in foreign exchange rates.
- (4) Decrease in gain or loss from disposal of assets was mainly due to the income arising from the transfer of the land use right, the plant and the ancillary facilities to Fujian Triplex Decoration in the corresponding period last year.
- (5) Decrease in non-operating income was mainly due to the increase in gains arising from scrapping of fixed assets and receipt of insurance compensation for the corresponding period of previous year.
- (6) Decrease in non-operating expenses was mainly due to the decrease in loss arising from scrapping of non-current assets as compared with the corresponding period last year.
- (7) Increase in income tax expenses was mainly due to income tax expenses provided for the taxable income generated by the Company during the Reporting Period.

3.1.3 Analysis on the reasons for substantial changes in major cash flow items of the Company

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the comparable period	Increase/ decrease	Percentage of increase/ decrease
Net cash received from disposal of subsidiaries and other business units	682,452,213	135,651,005	546,801,208	403.09%
Cash received relating to other investing activities	1,092,635,781	306,805,479	785,830,302	256.13%
Net cash paid for acquisition of subsidiaries and other business units	240,131,372	0	240,131,372	100.00%
Cash paid relating to other investing activities	1,930,000,000	400,000,000	1,530,000,000	382.50%

- (1) Net cash received from disposal of subsidiaries and other business units mainly represented the amount received from disposal of the 51% equity interest in Fuyao Group Beijing Futong Safety Glass Co., Ltd. during the Reporting Period, while the amount for the corresponding period of previous year represented the amount received from disposal of the 100% equity interest in Fuzhou Fuyao Float Glass Co.,Ltd..
- (2) Change in cash received relating to other investing activities was mainly due to presentation of the principal of and interest on structured deposits recovered upon maturity under this item upon adoption of the new financial standards in this report. Pursuant to the transition requirements of the new financial standards, there is no need to adjust the comparable figures for the same period of the previous year in the financial statement for inconsistencies with the new financial standards.
- (3) Change in net cash paid for acquisition of subsidiaries and other business units mainly represented the amounts paid for acquisition of the 78% equity interest in Sanqi (Xiamen) Precision Manufacture Company Ltd. and the 100% equity interests in Fujian Triplex Holdings Group Company Limited during the Reporting Period.
- (4) Change in cash paid relating to other investing activities was mainly due to presentation of the expenses for the structured deposits under this item upon adoption of the new financial standards in this report. Pursuant to the transition requirements of the new financial standards, there is no need to adjust the comparable figures for the same period of the previous year in the financial statement for inconsistencies with the new financial standards.

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

Not applicable

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

Background of undertakings	Type of undertakings	Undertaking party	Content of undertakings	Time and term of undertakings	Has performance period or not	Fulfill in a timely and strict manner or not
Other undertakings	Dividend distribution	Fuyao Glass Industry Group Co., Ltd.	The dividend distribution plan for the equity holders of the Company for the next three years (2018-2020) is as follows: 1. Method of profit distribution: Subject to relevant laws, regulations, normative documents, Articles of Association and relevant provisions and conditions under this plan, and on the premise that the consistency and stability of the profit distribution policy are guaranteed, the Company may distribute dividends in cash, in shares, in a combination of both cash and shares or otherwise as permitted by laws and regulations. The profit distribution shall not exceed the accumulative distributable profit without prejudice to the Company's ability of continuing operation. Among these distribution methods, preference will be given to cash dividend as compared to share dividend. Whenever the Company qualifies to distribute cash dividend, the cash dividend shall be adopted for profit distribution. If the Company decides to distribute profit by way of share dividend, such real and reasonable factors as the Company's growth and dilution of net asset value per share shall be taken into consideration. 2. Frequency of profit distribution: On the premise that the Company records profit for the year with positive accumulative profit undistributed, it shall make profit distribution at least once a year. The Company can also declare interim cash dividend. In the next three years, the board of the Company can propose to declare interim dividend according to the current profit rate, condition of cash flow, development stage and capital needs. 3. The specific conditions of cash dividend and the minimum ratio of cash dividend: Under the precondition that the Company can maintain continuing operation and long-term development, if the Company has no such matters as major investment plans or major cash expenditures (other than investment projects funded with proceeds from fund raising), the Company shall, on the premise that the Company records profit for the year with positive accumulative profit undistributed, distribute dividend in cash and the profit of the Company distributed in cash shall be no less than 20% of the distributable profit achieved during that year. The specific dividend ratio for each year shall be proposed by the board of the Company according to the annual profit performance and the future capital use plan of the Company. 4. Specific conditions under which shares will be issued in lieu of dividends: Where the Company's business is in a sound condition and the board of the Company considers that the earning per share, stock price and net asset value per share of the Company do not reflect its share capital size, the Company may propose dividend distribution in shares, provided that the above conditions of dividend distribution in cash are fully satisfied. When determining the specific amount of profit distribution in shares, full consideration shall be given to whether the total share capital upon distribution of dividend in share matches with the current operation size, profit growth and dilution of net asset value per share of the Company while the influence on cost of future debt financing shall be taken into consideration to ensure the profit distribution plan in compliance with the overall interest and long-term benefit of the shareholders as a whole. 5. Differential cash dividend policy: the board of the Company shall take into comprehensive consideration on such factors as the characteristics and development stage of the industry where the Company operates its business, its operational model, earnings level and the existence of major capital expenditure arrangements, to classify the followings and propose differential cash dividend policy according to the procedures stipulated in the Articles of Association: (1) where the Company is at developed stage without any major capital expenditure arrangement, the minimum ratio taken by cash dividend in the profit distribution shall be 80% when distributing profit; (2) where the Company is at developed stage with major capital expenditure arrangement, the minimum ratio taken by cash dividend in the profit distribution shall be 40% when distributing profit; (3) where the Company is at developing stage with major capital expenditure arrangement, the minimum ratio taken by cash dividend in the profit distribution shall be 20% when distributing profit; where it is hard to classify the development stage of the Company and there is any major capital expenditure arrangement, the Company may deal with the profit distribution according to the former item (3). 6. If the Company recorded profit in the previous financial year but the board of the Company did not propose any cash dividend plan at the end of the previous financial year, the Company shall consult with its independent directors and disclose in the periodic report the reasons for not to propose cash dividend plan and the purpose of reserving the capital that has not been used for dividend distribution. Independent directors shall express independent opinions and disclose the same publicly. 7. Formulation and implementation of profit distribution plan: at the end of each financial year, the board of the Company shall propose a profit distribution plan and submit to the general meeting for consideration. The Company welcomes any suggestion from all shareholders, independent directors and the supervisory committee in respect of its profit distribution plan and their supervision thereof. After the profit distribution plan is resolved at the general meeting of the Company, the board of the Company shall complete the distribution of dividend (or share) within two months after convening the general meeting.	Publishing date of undertakings: May 12, 2018 Performance period of undertakings: from January 1, 2018 to December 31, 2020	Yes	Yes

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 previous year

Not applicable

Name of the Company Fuyao Glass Industry Group Co., Ltd.
Legal representative Cho Tak Wong
Date October 25, 2018

IV. APPENDIX

4.1 Financial statements

Consolidated Balance Sheet

September 30, 2018

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

Unit: Yuan Currency: RMB Audit Type: Unaudited

Items	Closing balance	Opening balance
Current assets:		
Cash at bank and on hand	8,594,943,093	6,728,200,042
Settlement provisions		
Placement		
Held-for-trading financial assets	977,639,430	105,489,404
Derivative financial assets	61,191,768	
Notes receivable and accounts receivable	4,368,124,642	4,637,643,979
Including: Notes receivable	819,265,976	921,383,461
Accounts receivable	3,548,858,666	3,716,260,518
Advances to suppliers	262,267,116	195,521,295
Premiums receivable		
Reinsurance receivable		
Deposits receivable from reinsurance treaty		
Other receivables	202,446,335	105,412,820
Including: Interest receivable		
Dividends receivable		
Financial assets purchased for resale		
Inventories	3,160,586,513	2,974,677,451
Contract assets		
Held-for-sale assets	223,095,303	
Non-current assets due within one year		
Other current assets	187,688,455	259,548,554
Total current assets	<u>18,037,982,655</u>	<u>15,006,493,545</u>

Items	Closing balance	Opening balance
Non-current assets:		
Loans and advances		
Debt investment		
Other debt investment		
Long-term receivables	190,000,000	190,000,000
Long-term equity investments	92,039,686	95,519,959
Other investments in equity instruments		
Other non-current financial assets		
Investment properties		
Fixed assets	12,756,913,726	11,151,786,090
Construction in progress	3,321,481,196	3,366,783,284
Bearer biological assets		
Oil and gas assets		
Intangible assets	1,182,869,571	1,098,130,404
Development costs		
Goodwill	148,750,287	74,678,326
Long-term prepaid expenses	467,238,204	438,811,527
Deferred income tax assets	196,158,040	280,595,644
Other non-current assets	1,378,100	1,210,710
	<hr/>	<hr/>
Total non-current assets	18,356,828,810	16,697,515,944
	<hr/> <hr/>	<hr/> <hr/>
Total assets	36,394,811,465	31,704,009,489
	<hr/> <hr/>	<hr/> <hr/>

Items	Closing balance	Opening balance
Current liabilities:		
Short-term borrowings	7,637,210,697	5,379,161,092
Borrowings from the central bank		
Customer and interbank deposits		
Borrowing from interbank		
Held-for-trading financial liabilities		23,190,469
Derivative financial liabilities	32,433,581	
Notes payable and accounts payable	2,654,558,927	2,401,097,118
Advances from customers		18,007,856
Contract liabilities	30,613,303	
Amount from sales of repurchased financial assets		
Bank charges and commissions due		
Employee benefits payable	413,822,354	439,505,286
Taxes payable	387,787,122	313,192,643
Other payables	1,130,167,378	1,069,106,178
Including: Interest payable	30,588,599	29,257,043
Dividends payable		
Reinsurance accounts payable		
Provisions for insurance contracts		
Customer deposits for trading in securities		
Amounts due to issuer for securities underwriting		
Held-for-sale liabilities		
Non-current liabilities due within one year	751,500,000	8,500,000
Other current liabilities		
	<hr/>	<hr/>
Total current liabilities	<u>13,038,093,362</u>	<u>9,651,760,642</u>
Non-current liabilities:		
Long-term borrowings	1,290,875,075	1,711,000,000
Debentures payables	799,272,383	798,605,414
Including: Preference shares		
Perpetual liabilities		
Long-term payables		

Items	Closing balance	Opening balance
Long-term salaries payable		
Accrued liabilities		
Deferred income	544,718,262	461,594,918
Deferred income tax liabilities	111,135,315	75,790,241
Other non-current liabilities		
	<hr/>	<hr/>
Total non-current liabilities	<u>2,746,001,035</u>	<u>3,046,990,573</u>
Total liabilities	<u>15,784,094,397</u>	<u>12,698,751,215</u>
Owners' equity (or shareholders' equity)		
Paid-in capital (or share capital)	2,508,617,532	2,508,617,532
Other equity instruments		
Including: Preference shares		
Perpetual liabilities		
Capital surplus	6,224,133,097	6,224,133,097
Less: inventory shares		
Other comprehensive income	3,373,474	-204,408,762
Special reserve		
Surplus reserve	1,912,914,559	1,912,914,559
General risk reserve		
Undistributed profits	<u>9,940,208,828</u>	<u>8,559,579,107</u>
Total equity attributable to equity holders of the Company	<u>20,589,247,490</u>	<u>19,000,835,533</u>
Minority interests	<u>21,469,578</u>	<u>4,422,741</u>
Total owners' equity (or shareholders' equity)	<u>20,610,717,068</u>	<u>19,005,258,274</u>
Total liabilities and owners' equity (or shareholders' equity)	<u>36,394,811,465</u>	<u>31,704,009,489</u>

Legal representative:
Cho Tak Wong

Principal in charge of accounting:
Chen Xiangming

Head of the Accounting Department:
Qiu Yongnian

Balance Sheet of the Company

30 September 2018

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

Unit: Yuan Currency: RMB Audit Type: Unaudited

Items	Closing balance	Opening balance
Current assets:		
Cash at bank and on hand	8,314,383,884	6,353,866,585
Held-for-trading financial assets	977,639,430	105,489,404
Derivative financial assets	61,191,768	
Notes receivable and accounts receivable	1,367,647,498	1,469,181,518
Including: Notes receivable	538,520,176	853,199,702
Accounts receivable	829,127,322	615,981,816
Advances to suppliers	75,665,827	31,810,021
Other receivables	11,120,152,083	8,757,293,909
Including: Interest receivable		
Dividends receivable	853,780,654	109,615,449
Inventories	383,828,744	355,656,461
Contract assets		
Held-for-sale assets	96,709,153	
Non-current assets due within one year		
Other current assets	14,431,604	42,339,542
Total current assets	22,411,649,991	17,115,637,440

Items	Closing balance	Opening balance
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables	3,915,829,259	3,667,553,044
Long-term equity investments	6,529,031,314	6,527,388,995
Other investments in equity instrument		
Other non-current financial assets		
Investment properties		
Fixed assets	783,639,727	617,442,186
Construction in progress	28,976,631	210,707,551
Bearer biological assets		
Oil and gas assets		
Intangible assets	76,851,393	52,471,474
Development costs		
Goodwill	48,490,007	48,490,007
Long-term prepaid expenses	16,104,335	15,685,546
Deferred income tax assets	9,984,856	94,464,201
Other non-current assets		
	-----	-----
Total non-current assets	<u>11,408,907,522</u>	<u>11,234,203,004</u>
Total assets	<u>33,820,557,513</u>	<u>28,349,840,444</u>

Items	Closing balance	Opening balance
Current liabilities:		
Short-term borrowings	3,963,805,218	3,803,754,092
Held-for-trading financial liabilities		22,857,761
Derivative financial liabilities	30,160,005	
Notes payable and accounts payable	1,909,182,046	1,255,088,803
Advances from customers		189,827,470
Contract liabilities	169,198,174	
Employee benefits payable	113,355,635	99,787,168
Taxes payable	105,061,907	2,599,671
Other payables	7,792,506,497	5,771,670,536
Including: Interest payable	24,683,262	28,713,638
Dividends payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	749,500,000	8,500,000
Other current liabilities		
	-----	-----
Total current liabilities	<u>14,832,769,482</u>	<u>11,154,085,501</u>

Items	Closing balance	Opening balance
Non-current liabilities:		
Long-term borrowings	1,130,000,000	1,671,000,000
Debtures payables	799,272,383	798,605,414
Including: Preference shares		
Perpetual liabilities		
Long-term payables		
Long-term salaries payable		
Accrued liabilities		
Deferred income	26,294,563	27,449,475
Deferred income tax liabilities	55,602,693	33,300,859
Other non-current liabilities		
	<hr/>	<hr/>
Total non-current liabilities	<u>2,011,169,639</u>	<u>2,530,355,748</u>
	<hr/>	<hr/>
Total liabilities	<u>16,843,939,121</u>	<u>13,684,441,249</u>
	<hr/>	<hr/>
Owners' equity (or shareholders' equity)		
Paid-in capital (or share capital)	2,508,617,532	2,508,617,532
Other equity instruments		
Including: Preference shares		
Perpetual liabilities		
Capital surplus	6,202,552,740	6,202,552,740
Less: inventory shares		
Other comprehensive income		
Special reserve		
Surplus reserve	1,912,914,559	1,912,914,559
Undistributed profits	6,352,533,561	4,041,314,364
	<hr/>	<hr/>
Total owners' equity (or shareholders' equity)	<u>16,976,618,392</u>	<u>14,665,399,195</u>
	<hr/>	<hr/>
Total liabilities and owners' equity (or shareholders' equity)	<u>33,820,557,513</u>	<u>28,349,840,444</u>

Legal representative:
Cho Tak Wong

*Principal in charge of
accounting:*
Chen Xiangming

*Head of the Accounting
Department:*
Qiu Yongnian

Consolidated Income Statement
January to September 2018

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

Unit: Yuan Currency: RMB Audit Type: Unaudited

Items	Amount for the current period (July to September)	Amount for the corresponding period of previous year (July to September)	Amount for the period from the beginning of 2018 to the end of the Reporting Period (January to September)	Amount for the corresponding period of previous year to the end of the previous reporting period (January to September)
I. Total operating revenue	5,037,262,371	4,685,570,791	15,122,436,925	13,396,966,694
Including: Operating revenue	5,037,262,371	4,685,570,791	15,122,436,925	13,396,966,694
Interest income				
Premiums earned				
Income from handling fees and commissions				
II. Total cost of sales	3,809,761,400	3,834,091,098	11,791,139,110	10,899,089,015
Including: Cost of sales	2,814,049,278	2,694,262,896	8,667,506,489	7,662,875,073
Interest expenses				
Handling fees and commissions expenses				
Surrender payment				
Net expenditure for compensation payment				
Net provisions for insurance contracts				
Expenditure for insurance policy dividend				
Reinsurance cost				
Taxes and surcharges	52,240,192	48,917,700	151,324,856	144,640,541
Selling and distribution expenses	359,247,100	289,264,825	1,031,491,867	900,916,965
General and administrative expenses	512,523,246	439,985,233	1,442,253,510	1,279,034,756
Research and development expenses	234,646,471	204,953,874	656,189,277	594,023,126
Financial expenses	-163,471,304	155,028,782	-157,010,495	313,515,459
Including: Interest expenses	121,206,549	58,880,282	288,111,033	124,282,648
Interest income	43,743,540	37,645,946	147,626,172	118,709,499
Asset impairment losses	526,417	1,677,788	-616,394	4,083,095
Impairment loss of credit				

Items	Amount for the current period (July to September)	Amount for the corresponding period of previous year (July to September)	Amount for the period from the beginning of 2018 to the end of the Reporting Period (January to September)	Amount for the corresponding period of previous year to the end of the previous reporting period (January to September)
Add: Other income	23,669,021	27,058,059	76,895,938	90,514,267
Investment income (losses are represented by“-”)	476,190,127	29,189,342	477,354,274	28,943,238
Including: Share in profit of associates and joint ventures	2,705,580	-218,082	3,869,727	-464,186
Gains from net exposure to hedging (losses are represented by“-”)				
Profit arising from changes in fair value (losses are represented by “-”)	49,563,432	21,783,513	67,260,476	-7,201,698
Gains from disposal of assets (losses are represented by “-”)	6,378,669		-232,949	9,754,913
Gains from foreign exchange (losses are represented by “-”)				
III. Operating profit (losses are represented by “-”)	1,783,302,220	929,510,607	3,952,575,554	2,619,888,399
Add: Non-operating income	3,045,085	3,500,101	12,532,448	22,875,947
Less: Non-operating expenses	17,498,416	17,981,962	18,485,384	41,366,635
IV. Total Profit (total losses are represented by “-”)	1,768,848,889	915,028,746	3,946,622,618	2,601,397,711
Less: Income tax expenses	380,155,449	156,123,749	688,835,036	457,820,934

Items	Amount for the current period (July to September)	Amount for the corresponding period of previous year (July to September)	Amount for the period from the beginning of 2018 to the end of the Reporting Period (January to September)	Amount for the corresponding period of previous year to the end of the previous reporting period (January to September)
V. Net Profit (net losses are represented by “-”)	1,388,693,440	758,904,997	3,257,787,582	2,143,576,777
(I) Classified on a going concern basis				
1. Net profit from continuing operations (net losses are represented by “-”)	1,388,693,440	758,904,997	3,257,787,582	2,143,576,777
2. Net profit from discontinued operations (net losses are represented by “-”)				
(II) Classified according to ownership				
1. Net profit attributable to shareholders of the Company	1,393,472,249	757,363,095	3,262,092,870	2,143,549,923
2. Minority interests	-4,778,809	1,541,902	-4,305,288	26,854
VI. Net amount of other comprehensive income after tax	195,830,134	-110,707,842	207,782,236	-211,418,478
Net amount of other comprehensive income after tax attributable to the equity holders of the Company	195,830,134	-110,707,842	207,782,236	-211,418,478
(I) Other comprehensive income which will not be reclassified to gain or loss				
1. Changes in re-measurement of defined benefit plans				
2. Other comprehensive income which will not be reclassified into profit and loss under the equity method				
3. Changes in fair value of other equity instruments investment				
4. Changes in fair value of the company’s own credit risk				

Items	Amount for the current period (July to September)	Amount for the corresponding period of previous year (July to September)	Amount for the period from the beginning of 2018 to the end of the Reporting Period (January to September)	Amount for the corresponding period of previous year to the end of the previous reporting period (January to September)
(II) Other comprehensive income which will be reclassified to gain or loss	195,830,134	-110,707,842	207,782,236	-211,418,478
1. Other comprehensive income which will be reclassified into profit and loss under equity method				
2. Changes in fair value of other debt investments				
3. The amount of financial assets reclassified into other comprehensive income				
4. Credit impairment provisions for other debt investment				
5. Reserves for cash flows hedges				
6. Difference on translation of foreign financial statements	195,830,134	-110,707,842	207,782,236	-211,418,478
Net amount of other comprehensive income after tax attributable to minority interest				
VII. Total comprehensive income	1,584,523,574	648,197,155	3,465,569,818	1,932,158,299
Total comprehensive income attributable to the equity holders of the Company	1,589,302,383	646,655,253	3,469,875,106	1,932,131,445
Total comprehensive income attributable to minority shareholders	-4,778,809	1,541,902	-4,305,288	26,854
VIII. Earnings per share				
(1) Basic earnings per share (<i>RMB/share</i>)	0.56	0.3	1.3	0.85
(2) Diluted earnings per share (<i>RMB/share</i>)	0.56	0.3	1.3	0.85

For the consolidation of companies under common control during the period, the net profit recorded by the consolidated companies before the merger is RMB0, and the net profit recorded by the consolidated companies in the previous period is RMB0.

<i>Legal representative:</i> Cho Tak Wong	<i>Principal in charge of accounting:</i> Chen Xiangming	<i>Head of the Accounting Department:</i> Qiu Yongnian
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Income Statement of the Company

January to September 2018

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

Unit: Yuan Currency: RMB Audit Type: Unaudited

Items	Amount for the current period (July to September)	Amount for the corresponding period of previous year (July to September)	Amount for the period from the beginning of 2018 to the end of the Reporting Period (January to September)	Amount for the corresponding period of previous year to the end of the previous reporting period (January to September)
I. Operating revenue	1,290,422,183	1,128,442,597	3,497,174,714	3,135,258,548
Less: Cost of sales	1,081,163,113	1,032,182,718	3,017,614,366	2,866,760,230
Taxes and surcharges	4,414,478	1,822,413	11,480,456	8,104,506
Selling and distribution expenses	64,002,935	48,916,378	176,169,227	160,422,632
General and administrative expenses	97,056,746	79,204,145	267,826,551	249,181,692
Research and development expenses	13,128,986	7,022,510	27,686,348	20,698,251
Financial expenses	-320,574,097	171,931,969	-451,727,070	336,302,081
Including: Interest expenses	80,129,449	58,623,703	227,037,488	129,752,817
Interest incomes	69,363,269	59,687,362	220,403,924	182,182,944
Asset impairment losses	-16,574	1,813,788	-248,582	3,918,523
Impairment loss of credit				
Add: Other income	7,415,672	2,925,520	9,185,422	10,584,604
Investment income (losses are represented by "-")	501,284,447	765,741	3,876,680,948	3,222,577,137
Including: Share in profit of associates and joint ventures	1,105,616	765,741	3,669,841	2,174,145
Gains from net exposure to hedging (losses are represented by "-")				
Profit arising from changes in fair value (losses are represented by "-")	54,017,913	8,941,225	69,135,549	-5,175,659
Gains from disposal of assets (losses are represented by "-")	2,501,316		22,027	9,686,240

Items	Amount for the current period (July to September)	Amount for the corresponding period of previous year (July to September)	Amount for the period from the beginning of 2018 to the end of the Reporting Period (January to September)	Amount for the corresponding period of previous year to the end of the previous reporting period (January to September)
II. Operating profit (losses are represented by “-”)	916,465,944	-201,818,838	4,403,397,364	2,727,542,955
Add: Non-operating income	133,263	594,020	189,452	1,888,785
Less Non-operating expenses	1,847,029	4,551,064	1,847,029	6,724,149
III. Total Profit (total losses are represented by “-”)	914,752,178	-205,775,882	4,401,739,787	2,722,707,591
Less: Income tax expenses	202,486,651	443,983	209,057,441	2,892,140
IV. Net Profit (net losses are represented by “-”)	712,265,527	-206,219,865	4,192,682,346	2,719,815,451
(I) Net profit from continuing operations (net losses are represented by “-”)	712,265,527	-206,219,865	4,192,682,346	2,719,815,451
(II) Net profit from discontinued operations (net losses are represented by “-”)				
V. Net amount of other comprehensive income after tax				
(I) Other comprehensive income which will not be reclassified to gain or loss				
1. Changes in re-measurement of defined benefit plans				
2. Other comprehensive income which will not be reclassified into profit and loss under the equity method				
3. Changes in fair value of other equity instruments investment				
4. Changes in fair value of the company’s own credit risk				

Items	Amount for the current period (July to September)	Amount for the corresponding period of previous year (July to September)	Amount for the period from the beginning of 2018 to the end of the Reporting Period (January to September)	Amount for the corresponding period of previous year to the end of the previous reporting period (January to September)
(II) Other comprehensive income which will be reclassified to gain or loss				
1. Other comprehensive income which will be reclassified into profit and loss under equity method				
2. Changes in fair value of other debt investments				
3. The amount of financial assets reclassified into other comprehensive income				
4. Credit impairment provisions for other debt investment				
5. Reserves for cash flows hedges				
6. Difference on translation of foreign financial statements				
VI. Total comprehensive income	712,265,527	-206,219,865	4,192,682,346	2,719,815,451
VII. Earnings per share:				
(1) Basic earnings per share <i>(RMB/share)</i>	Not applicable	Not applicable	Not applicable	Not applicable
(2) Diluted earnings per share <i>(RMB/share)</i>	Not applicable	Not applicable	Not applicable	Not applicable

Legal representative:
Cho Tak Wong

*Principal in charge of
accounting:*
Chen Xiangming

*Head of the Accounting
Department:*
Qiu Yongnian

Consolidated Cash Flow Statement

January to September 2018

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

Unit: Yuan Currency: RMB Audit Type: Unaudited

Items	Amount for the period from the beginning of 2018 to the end of the Reporting Period (January to September)	Amount for the corresponding period of previous year to the end of the previous reporting period (January to September)
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	17,928,985,742	14,894,311,643
Net increase in customer and interbank deposits		
Net increase in borrowing from the central bank		
Net increase in intra-bank borrowing from other financial institutions		
Cash received from premiums under original insurance contract		
Net cash received from reinsurance business		
Net increase in deposits of policy holders and investment		
Net increase in disposal of financial assets at fair value and its changes are calculated into profit or loss in the current period		
Cash received from interest, fees and commissions		
Net increase in borrowings from interbank		
Net increase in cash received from repurchase business		
Refund of taxes and surcharges	228,514,629	227,098,930
Cash received relating to other operating activities	325,062,887	257,823,045
Sub-total of cash inflows from operating activities	18,482,563,258	15,379,233,618

Items	Amount for the period from the beginning of 2018 to the end of the Reporting Period (January to September)	Amount for the corresponding period of previous year to the end of the previous reporting period (January to September)
Cash paid for goods and services	9,714,550,324	7,965,966,339
Net increase in customer loans and advance		
Net increase in deposits in the central bank and interbank deposits		
Cash paid for compensation payments under original insurance contract		
Cash paid for interest, fees and commissions		
Cash paid for insurance policy dividend		
Cash paid to and on behalf of employees	2,826,314,250	2,503,292,516
Payments of taxes and surcharges	1,264,526,015	1,553,596,890
Cash paid relating to other operating activities	158,728,158	176,662,361
Sub-total of cash outflows from operating activities	13,964,118,747	12,199,518,106
Net cash flows from operating activities	4,518,444,511	3,179,715,512
II. Cash flows from investing activities:		
Cash received from disposal of investments		
Cash received from returns on investments	7,350,000	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	79,459,016	66,736,338
Net cash received from disposal of subsidiaries and other business units	682,452,213	135,651,005
Cash received relating to other investing activities	1,092,635,781	306,805,479
Sub-total of cash inflows from investing activities	1,861,897,010	509,192,822

Items	Amount for the period from the beginning of 2018 to the end of the Reporting Period (January to September)	Amount for the corresponding period of previous year to the end of the previous reporting period (January to September)
Cash paid to acquire fixed assets, intangible assets and other long-term assets	2,714,458,026	2,746,773,539
Cash paid to acquire investments		
Net increase in secured loans		
Net cash paid to acquire subsidiaries and other business units	240,131,372	
Cash paid relating to other investing activities	<u>1,930,000,000</u>	<u>400,000,000</u>
Sub-total of cash outflows from investing activities	<u>4,884,589,398</u>	<u>3,146,773,539</u>
Net cash flows from investing activities	<u>-3,022,692,388</u>	<u>-2,637,580,717</u>
III. Cash flows from financing activities:		
Cash received from capital contributions		
Including: Cash received from capital contributions by minority shareholders of subsidiaries		
Cash received from borrowings	10,145,790,819	8,263,226,104
Cash received from issuance of debentures		
Cash received relating to other financing activities		
Sub-total of cash inflows from financing activities	<u>10,145,790,819</u>	<u>8,263,226,104</u>

Items	Amount for the period from the beginning of 2018 to the end of the Reporting Period (January to September)	Amount for the corresponding period of previous year to the end of the previous reporting period (January to September)
Cash repayments of borrowings	7,842,540,428	7,175,162,769
Cash payments for interest expenses and distribution of dividends or profits	2,192,225,637	2,049,909,318
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries		
Cash payment relating to other financing activities		
Sub-total of cash outflows from financing activities	<u>10,034,766,065</u>	<u>9,225,072,087</u>
Net cash flows from financing activities	<u>111,024,754</u>	<u>-961,845,983</u>
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	265,518,743	-243,180,569
V. Net increase in cash and cash equivalents	1,872,295,620	-662,891,757
Add: Cash and cash equivalents balance at the beginning of the period	6,704,295,628	7,198,834,331
VI. Cash and cash equivalents balance at the end of the period	<u>8,576,591,248</u>	<u>6,535,942,574</u>

<i>Legal representative:</i> Cho Tak Wong	<i>Principal in charge of accounting:</i> Chen Xiangming	<i>Head of the Accounting Department:</i> Qiu Yongnian
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Cash Flow Statement of the Company
January to September 2018

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

Unit: Yuan Currency: RMB Audit Type: Unaudited

Items	Amount for the period from the beginning of 2018 to the end of the Reporting Period (January to September)	Amount for the corresponding period of previous year to the end of the previous reporting period (January to September)
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	4,065,370,059	2,738,866,359
Refund of taxes and surcharges	217,737,010	208,015,208
Cash received relating to other operating activities	<u>1,015,371,865</u>	<u>193,033,702</u>
Sub-total of cash inflows from operating activities	<u>5,298,478,934</u>	<u>3,139,915,269</u>
Cash paid for goods and services	3,012,508,947	3,169,048,893
Cash paid to and on behalf of employees	247,743,881	237,016,611
Payments of taxes and surcharges	13,077,687	254,277,624
Cash paid relating to other operating activities	<u>654,984,591</u>	<u>2,492,220,397</u>
Sub-total of cash outflows from operating activities	<u>3,928,315,106</u>	<u>6,152,563,525</u>
Net cash flows from operating activities	<u>1,370,163,828</u>	<u>-3,012,648,256</u>

Items	Amount for the period from the beginning of 2018 to the end of the Reporting Period (January to September)	Amount for the corresponding period of previous year to the end of the previous reporting period (January to September)
II. Cash flows from investing activities:		
Cash received from disposal of investments		3,191,510,090
Cash received from returns on investments	2,636,017,071	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	3,056,509	21,511,401
Net cash received from disposal of subsidiaries and other business units	683,050,000	
Cash received relating to other investing activities	<u>1,092,635,781</u>	<u>306,805,479</u>
Sub-total of cash inflows from investing activities	<u>4,414,759,361</u>	<u>3,519,826,970</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	93,539,707	234,900,575
Cash paid to acquire investments	307,538,581	849,903,720
Net cash paid to acquire subsidiaries and other business units		
Cash paid relating to other investing activities	<u>1,930,000,000</u>	<u>400,000,000</u>
Sub-total of cash outflows from investing activities	<u>2,331,078,288</u>	<u>1,484,804,295</u>
Net cash flows from investing activities	<u>2,083,681,073</u>	<u>2,035,022,675</u>
III. Cash flows from financing activities:		
Cash received from capital contributions		7,330,787,369
Cash received from borrowings	6,254,051,946	
Cash received from issuance of debentures		
Cash received relating to other financing activities		
Sub-total of cash inflows from financing activities	<u>6,254,051,946</u>	<u>7,330,787,369</u>

Items	Amount for the period from the beginning of 2018 to the end of the Reporting Period (January to September)	Amount for the corresponding period of previous year to the end of the previous reporting period (January to September)
Cash repayments of borrowings	5,894,000,820	4,406,495,884
Cash payments for interest expenses and distribution of dividends or profits	2,108,768,045	2,003,060,781
Cash payment relating to other financing activities		
Sub-total of cash outflows from financing activities	8,002,768,865	6,409,556,665
Net cash flows from financing activities	-1,748,716,919	921,230,704
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	255,389,317	-241,667,917
V. Net increase in cash and cash equivalents	1,960,517,299	-298,062,794
Add: Cash and cash equivalents balance at the beginning of the period	6,353,866,585	6,587,731,042
VI. Cash and cash equivalents balance at the end of the period	8,314,383,884	6,289,668,248

<i>Legal representative:</i> Cho Tak Wong	<i>Principal in charge of accounting:</i> Chen Xiangming	<i>Head of the Accounting Department:</i> Qiu Yongnian
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4.2 Audit Report

Not applicable