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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

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

### THE 2020 ANNUAL GENERAL MEETING

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The 2020 AGM of Fuyao Glass Industry Group Co., Ltd. will be held in the Company's conference room located at Fuyao Industrial Zone, Rongqiao Economic & Technological Development Zone, Fuqing City, Fujian Province, the PRC at 2:00 p.m. on Thursday, June 17, 2021. Notice of the AGM is set out on pages 48 to 52 of this circular.

Whether or not you are attending the AGM, you are requested to read the notice of the AGM and complete and return the proxy form attached to this circular in accordance with the instructions printed thereon as soon as possible. To be valid, H Shareholders shall return the proxy form or other authorization documents to the Company's H Share Registrar in Hong Kong, namely Computershare Hong Kong Investor Services Limited, and in any event not less than 24 hours before the time appointed for holding of the AGM (i.e. before 2:00 p.m. on Wednesday, June 16, 2021) or any adjournment thereof by hand or by post. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or at any adjournment thereof should you so wish.

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

May 14, 2021

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## DEFINITIONS

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

“A Share(s)”	the domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed on the SSE and traded in RMB
“A Shareholder(s)”	holder(s) of the A Shares
“AGM”	the 2020 annual general meeting of the Company to be held at 2:00 p.m. on Thursday, June 17, 2021
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“Board” or “Board of Directors”	the board of Directors of the Company
“Board of Supervisors”	the board of Supervisors of the Company
“Company”	Fuyao Glass Industry Group Co., Ltd., a joint stock company incorporated in the PRC with limited liability, whose H Shares and A Shares are listed on the Main Board of the Hong Kong Stock Exchange and the SSE, respectively
“Director(s)”	the director(s) of the Company
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Share(s)”	the overseas listed foreign shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“H Shareholder(s)”	holder(s) of the H Shares
“HK\$” or “HKD” or “HK dollars” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“independent third party”	a person or entity who is not considered as a connected person of the Company under the Listing Rules
“Latest Practicable Date”	May 11, 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
“PRC” or “China”	the People’s Republic of China, and for the purposes of this circular only, excluding Hong Kong, Macao Special Administrative Region and Taiwan region
“Reporting Period”	for the period from January 1, 2020 to December 31, 2020
“Share(s)”	shares of the Company with a nominal value of RMB1.00 each, comprising the A Shares and H Shares
“Shareholder(s)”	the shareholders of the Company, including the A Shareholders and the H Shareholders
“SSE”	Shanghai Stock Exchange
“Supervisors”	the supervisor(s) of the Company

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## LETTER FROM THE BOARD

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

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

**(Stock Code: 3606)**

*Executive Directors:*

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

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

Mr. Ye Shu

Mr. Chen Xiangming

*Non-executive Directors:*

Mr. Wu Shinong

Ms. Zhu Dezhen

*Independent Non-executive Directors:*

Ms. Cheung Kit Man Alison

Mr. Liu Jing

Mr. Qu Wenzhou

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

Fuyao Industrial Zone

Rongqiao Economic & Technological  
Development Zone

Fuqing City

Fujian Province

the PRC

*Principal place of business in Hong Kong:*

Room 1907

Shun Tak Centre West Tower

200 Connaught Road

Central

Hong Kong

May 14, 2021

*To the Shareholders*

Dear Sir/Madam,

### THE 2020 ANNUAL GENERAL MEETING

#### 1. INTRODUCTION

On behalf of the Board of Directors, I hereby invite you to attend the AGM to be held in the Company's conference room located at Fuyao Industrial Zone, Rongqiao Economic & Technological Development Zone, Fuqing City, Fujian Province, the PRC at 2:00 p.m. on Thursday, June 17, 2021.

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

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## LETTER FROM THE BOARD

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

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

- (1) Work Report of the Board of Directors for the Year 2020
- (2) Work Report of the Board of Supervisors for the Year 2020
- (3) Final Financial Report for the Year 2020
- (4) Profit Distribution Plan for the Year 2020
- (5) 2020 Annual Report and Summary of Annual Report
- (6) Resolution on the Reappointment of PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) as the Domestic Audit Institution and Internal Control Audit Institution of the Company for the Year 2021
- (7) Resolution on the Reappointment of PricewaterhouseCoopers as the Overseas Audit Institution of the Company for the Year 2021
- (8) Duty Report of Independent Non-executive Directors for the Year 2020
- (9) Resolution on the Formulation of the Dividend Distribution Plan of Fuyao Glass Industry Group Co., Ltd. for the Shareholders for the Upcoming Three Years (2021-2023)
- (10) Resolution on the Amendments to the Rules for Management of Related Transactions
- (11) Resolution on the Issuance of Ultra Short-term Financing Notes by the Company

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## LETTER FROM THE BOARD

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### 3. WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2020

The work report of the Board of Directors for the year 2020 will be presented at the AGM to be approved by way of ordinary resolution. The full text of the work report of the Board of Directors for the year 2020 is set out in the two sections headed “Report of the Board of Directors” and “Management Discussion and Analysis” of the 2020 annual report of the Company, which has been dispatched together with this circular.

### 4. WORK REPORT OF THE BOARD OF SUPERVISORS FOR THE YEAR 2020

The work report of the Board of Supervisors for the year 2020 will be presented at the AGM to be approved by way of ordinary resolution. The work report of the Board of Supervisors for the year 2020 is set out in Appendix I to this circular.

### 5. FINAL FINANCIAL REPORT FOR THE YEAR 2020

According to the consolidated financial statements of the Company for the year 2020, the principal accounting information and financial indicators of the Company for the year 2020 are as follows:

#### 5.1 The financial position of the Company for the year 2020

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

As at the end of the Reporting Period, the total assets of the Company amounted to RMB38,424 million (2019: RMB38,826 million), representing a decrease of 1.04% as compared with the beginning of the year, among which, current assets amounted to RMB18,560 million (2019: RMB17,774 million) and non-current assets amounted to RMB19,864 million (2019: RMB21,052 million).

Total liabilities amounted to RMB16,833 million (2019: RMB17,457 million), representing a decrease of 3.58% as compared with the beginning of the year, among which, current liabilities amounted to RMB12,131 million (2019: RMB14,786 million) and non-current liabilities amounted to RMB4,701 million (2019: RMB2,671 million).

Shareholder's equity amounted to RMB21,591 million (2019: RMB21,369 million), representing an increase of 1.04% as compared with the beginning of the year, among which, equity attributable to shareholders of the parent company amounted to RMB21,595 million (2019: RMB21,370 million).

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## LETTER FROM THE BOARD

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

As at the end of the Reporting Period, the total assets of the Company amounted to RMB38,435 million (2019: RMB38,839 million), representing a decrease of 1.04% as compared with the beginning of the year, among which, current assets amounted to RMB18,560 million (2019: RMB17,774 million) and non-current assets amounted to RMB19,876 million (2019: RMB21,064 million).

Total liabilities amounted to RMB16,833 million (2019: RMB17,457 million), representing a decrease of 3.58% as compared with the beginning of the year, among which, current liabilities amounted to RMB12,131 million (2019: RMB14,786 million) and non-current liabilities amounted to RMB4,701 million (2019: RMB2,671 million).

Shareholder's equity amounted to RMB21,603 million (2019: RMB21,381 million), representing an increase of 1.03% as compared with the beginning of the year, among which, equity attributable to shareholders of the parent company amounted to RMB21,606 million (2019: RMB21,383 million).

## **5.2 Operating results of the Company for the year 2020**

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

According to the China Accounting Standards for Business Enterprises, the operating revenue of the Company for the year 2020 amounted to RMB19,907 million (2019: RMB21,104 million), representing a decrease of 5.67% as compared with last year; gross profit amounted to RMB7,864 million (2019: RMB7,906 million), representing a decrease of 0.53% as compared with last year; gross profit margin was 39.51% (2019: 37.46%), representing an increase of 2.05 percentage points as compared with that of last year.

According to the International Financial Reporting Standards, the revenue of the Company for the year 2020 amounted to RMB19,907 million (2019: RMB21,104 million), representing a decrease of 5.67% as compared with last year; gross profit amounted to RMB7,635 million (2019: RMB7,705 million), representing a decrease of 0.90% as compared with last year; gross profit margin was 38.36% (2019: 36.51%), representing an increase of 1.85 percentage points as compared with that of last year.

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## LETTER FROM THE BOARD

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### **5.2.2 Expenses**

According to the China Accounting Standards for Business Enterprises, the selling expenses, administrative expenses and research expenses of the Company for the year 2020 amounted to RMB4,367 million in aggregate, accounting for 21.94% of the operating revenue and representing an increase of 0.71 percentage point as compared with that of last year.

According to the International Financial Reporting Standards, the distributing expenses, administrative expenses and research expenses of the Company for the year 2020 amounted to RMB4,374 million in aggregate, accounting for 21.97% of the revenue and representing an increase of 0.70 percentage point as compared with that of last year.

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

According to the China Accounting Standards for Business Enterprises, the net profit attributable to the owners of the parent company for the year 2020 amounted to RMB2,601 million (2019: RMB2,898 million), representing a decrease of 10.27% as compared with last year whereas the earnings per share amounted to RMB1.04 (2019: RMB1.16).

According to the International Financial Reporting Standards, the net profit attributable to the owners of the parent company for the year 2020 amounted to RMB2,600 million (2019: RMB2,898 million), representing a decrease of 10.27% as compared with last year whereas the earnings per share amounted to RMB1.04 (2019: RMB1.16).

## **5.3 Cash flow of the Company for the year 2020**

According to the China Accounting Standards for Business Enterprises, the net cash inflow from operating activities of the Company for the year 2020 amounted to RMB5,278 million (2019: net cash inflow of RMB5,127 million); the net cash outflow from investment activities amounted to RMB1,167 million (2019: net cash outflow of RMB3,125 million); the net cash outflow from financing activities amounted to RMB3,280 million (2019: net cash outflow of RMB116 million).

According to the International Financial Reporting Standards, the net cash inflow from operating activities of the Company for the year 2020 amounted to RMB4,850 million (2019: net cash inflow of RMB4,701 million); the net cash outflow from investment activities amounted to RMB738 million (2019: net cash outflow of RMB2,700 million); the net cash outflow from financing activities amounted to RMB3,280 million (2019: net cash outflow of RMB116 million).

## LETTER FROM THE BOARD

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

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

*Unit: Yuan    Currency: RMB*

	Net profit		Net assets attributable to the shareholders of the listed company	
	Amount for the Reporting Period	Amount for the corresponding period of previous year	Amount at the end of the Reporting Period	Amount at the beginning of the Reporting Period
Under the China Accounting Standards for Business Enterprises	2,600,776,459	2,898,433,273	21,594,517,508	21,370,366,209
Adjustments to items and amounts in accordance with the International Financial Reporting Standards:				
Reversal of the impairment of buildings and land use rights and relevant differences between depreciation and amortization	<u>-530,734</u>	<u>-564,875</u>	<u>11,706,627</u>	<u>12,237,361</u>
Under the International Financial Reporting Standards	<u><u>2,600,245,725</u></u>	<u><u>2,897,868,398</u></u>	<u><u>21,606,224,135</u></u>	<u><u>21,382,603,570</u></u>

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## LETTER FROM THE BOARD

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### 6. PROFIT DISTRIBUTION PLAN FOR THE YEAR 2020

As audited by PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership), the net profit attributable to the shareholders of ordinary shares of the parent company for the year 2020 recorded in the consolidated financial statements, which was prepared in accordance with the China Accounting Standards for Business Enterprises, amounted to RMB2,600,776,459. As audited by PricewaterhouseCoopers, the net profit attributable to the shareholders of ordinary shares of the parent company for the year 2020 recorded in the consolidated financial statements, which was prepared in accordance with the International Financial Reporting Standards, amounted to RMB2,600,245,725.

As audited by PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership), the net profit recorded in the financial statements of the parent company for the year 2020, which was prepared in accordance with the China Accounting Standards for Business Enterprises, amounted to RMB2,424,595,759. After adding the undistributed profits of RMB6,259,347,637 at the beginning of the year 2020, deducting the distributed profits of RMB1,881,463,149 for the year 2019, and allocating 10% of the net profit of the parent company of the year 2020 to the statutory surplus reserve, which amounted to RMB242,459,576, the profits distributable to the Shareholders as of December 31, 2020 amounted to RMB6,560,020,671.

The profit distribution plan for the year 2020 proposed by the Company is as follows: to distribute cash dividends of RMB7.5 per 10 Shares (tax inclusive) based on the total number of issued shares of 2,508,617,532 Shares of the Company as of December 31, 2020 to A Shareholders and H Shareholders whose names appear on the register of members on the record date in respect of cash dividends for the year 2020, with the total dividends to be distributed amounting to RMB1,881,463,149 in total. The undistributed profits of the Company will be carried forward to the following year. The Company will not carry out bonus issue and conversion of capital reserve into share capital for the year 2020. The cash dividends distributed by the Company are denominated and declared in RMB and payable in RMB to A Shareholders, and in HKD to H Shareholders.

In view of the completion of the placing of 101,126,000 new H Shares by the Company on 10 May 2021 under the specific mandate granted by the Shareholders (details of which are set out in the announcements of the Company dated 2 May 2021 and 10 May 2021), as of the Latest Practicable Date, the total number of issued shares of the Company was 2,609,743,532 Shares, based on which a total dividend of RMB1,957,307,649 will be paid by the Company in accordance with the above distribution plan.

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## LETTER FROM THE BOARD

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The Board has approved the appointment of Computershare Hong Kong Trustees Limited as an agent of the Company to distribute and deal with the dividends of the Company declared to the H Shareholders on behalf of the Company. The Board has approved to authorize either Mr. Ye Shu, the general manager of the Company, or Mr. Chen Xiangming, the chief financial officer of the Company, to execute and implement matters related to distribution of dividends, execute relevant legal documents in relation to distribution of dividends, and handle all relevant matters on behalf of the Company, provided that the profit distribution plan for the year 2020 is approved at the AGM.

If the total share capital of the Company changes before the record date for the implementation of profit distribution, the Company proposes to maintain the distribution ratio per Share unchanged and make adjustment to the total amount of distribution accordingly. The details of adjustments will be published separately.

### 7. 2020 ANNUAL REPORT AND SUMMARY OF ANNUAL REPORT

The 2020 annual report and summary of annual report will be presented at the AGM to be approved by way of ordinary resolution. The 2020 annual report and summary of annual report were published on the HKEXnews website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>), the website of the SSE (<http://www.sse.com.cn>) and the website of the Company (<http://www.fuyaogroup.com>). The 2020 annual report has also been dispatched together with this circular to H Shareholders.

### 8. RESOLUTION ON THE REAPPOINTMENT OF PRICEWATERHOUSECOOPERS ZHONG TIAN LLP (SPECIAL GENERAL PARTNERSHIP) AS THE DOMESTIC AUDIT INSTITUTION AND INTERNAL CONTROL AUDIT INSTITUTION OF THE COMPANY FOR THE YEAR 2021

PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) (hereinafter “PricewaterhouseCoopers Zhong Tian LLP”) fulfilled their obligations as the domestic audit institution and internal control audit institution engaged by the Company for the year 2020, followed the principles of independence, objectivity and fairness when conducting audit for the Company, and duly accomplished the annual audit. The Company paid PricewaterhouseCoopers Zhong Tian LLP RMB5.01 million as the remuneration for the audit services for the year 2020, among which, the remuneration in relation to financial statements audit services amounted to RMB4.26 million (for the year 2019, such remuneration was RMB4.26 million) whereas the remuneration in relation to internal control audit services amounted to RMB0.75 million (for the year 2019, such remuneration was RMB0.75 million). In order to ensure the continuity and stability

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## LETTER FROM THE BOARD

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of the external audit work of the Company, as recommended by the audit committee of the Board of the Company, the Board of the Company agreed to reappoint PricewaterhouseCoopers Zhong Tian LLP as the domestic audit institution and internal control audit institution for the year 2021, with a term of one year. PricewaterhouseCoopers Zhong Tian LLP will audit the 2021 financial statements as well as the effectiveness of the internal control of the Company, and will issue audit reports therefor.

**9. RESOLUTION ON THE REAPPOINTMENT OF PRICEWATERHOUSECOOPERS AS THE OVERSEAS AUDIT INSTITUTION OF THE COMPANY FOR THE YEAR 2021**

As the overseas audit institution appointed by the Company for the year 2020, PricewaterhouseCoopers (hereinafter “PwC”) fulfilled its obligations, followed the principles of independence, objectivity and fairness when conducting audit for the Company, and duly accomplished the annual audit. The Company paid PwC RMB1.07 million as the remuneration for the audit services provided for the year 2020 (for the year 2019, such remuneration was RMB1.07 million). In order to ensure the continuity and stability of the external audit work of the Company, as recommended by the audit committee of the Board of the Company, the Board of the Company agreed to reappoint PwC as the overseas audit institution of the Company for the year 2021 to audit the Company’s 2021 financial statements prepared in accordance with the International Financial Reporting Standards and issue the audit report, with a term of one year.

**10. DUTY REPORT OF INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR 2020**

The duty report of independent non-executive Directors for the year 2020 will be presented at the AGM to be approved by way of ordinary resolution. The duty report of independent non-executive Directors for the year 2020 is set out in Appendix II to this circular.

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## LETTER FROM THE BOARD

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**11. RESOLUTION ON THE FORMULATION OF THE DIVIDEND DISTRIBUTION PLAN OF FUYAO GLASS INDUSTRY GROUP CO., LTD. FOR THE SHAREHOLDERS FOR THE UPCOMING THREE YEARS (2021-2023)**

In order to further enhance the transparency of cash dividend distribution of the Company, improve and perfect the decision-making and supervision mechanism for dividend distribution, maintain the continuity and stability of profit distribution policies, protect legal interests of investors, and facilitate investors to obtain stable expected return, and at the same time to strengthen the Company's awareness of return to its shareholders and fully safeguard the entitlement to return on assets and other rights of the Shareholders of the Company, the Company formulated the Dividend Distribution Plan of Fuyao Glass Industry Group Co., Ltd. for the Shareholders for the Upcoming Three Years (2021-2023) in accordance with the spirit of the Notice Regarding Further Implementation of Cash Dividends Distribution of Listed Companies and the Listed Companies Regulatory Guidance No. 3 – Cash Dividends Distribution of Listed Companies issued by the China Securities Regulatory Commission, as well as practical situation of the Company. The full text of the plan is set out in Appendix III to this circular.

**12. RESOLUTION ON THE AMENDMENTS TO THE RULES FOR MANAGEMENT OF RELATED TRANSACTIONS**

In accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Code of Corporate Governance for Listed Companies and the Accounting Standard for Business Enterprises No. 36 – Related Party Disclosures and other relevant laws, regulations and regulatory documents and the requirements of the Articles of Association, and taking into account the actual situation of the Company, the Resolution on the amendments to the Rules for Management of Related Transactions was considered and approved at the second meeting of the tenth session of the Board held on March 29, 2021, whereby it was proposed to amend the terms of the Rules for Management of Related Transactions. Relevant amendments will take effect upon approval at the AGM. The full text of the revised Rules for Management of Related Transactions is set out in Appendix IV to this circular.

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

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

#### **13.1 Issuance Plan**

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

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## LETTER FROM THE BOARD

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### 13.2 Authorizations from the General Meeting as Proposed by the Board

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

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

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

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## LETTER FROM THE BOARD

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### 14. AGM

The AGM will be held in the Company's conference room located at Fuyao Industrial Zone, Rongqiao Economic & Technological Development Zone, Fuqing City, Fujian Province, the PRC at 2:00 p.m. on Thursday, June 17, 2021 to consider and approve at its discretion the work report of the Board of Directors for the year 2020, the work report of the Board of Supervisors for the year 2020, the final financial report for the year 2020, the profit distribution plan for the year 2020, the 2020 annual report and summary of annual report, the resolution on the reappointment of PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) as the domestic audit institution and internal control audit institution of the Company for the year 2021, the resolution on the reappointment of PricewaterhouseCoopers as the overseas audit institution of the Company for the year 2021, the duty report of independent non-executive Directors for the year 2020, the resolution on the formulation of the Dividend Distribution Plan of Fuyao Glass Industry Group Co., Ltd. for the Shareholders for the Upcoming Three Years (2021-2023), the resolution on the amendments to the Rules for Management of Related Transactions and the resolution on the issuance of ultra short-term financing notes by the Company. The notice of the AGM is set out on page 48 to page 52 of this circular.

A proxy form to be used at the AGM is enclosed with this circular. Whether or not you intend to attend the AGM, you are requested to read the notice of the AGM and complete and return the proxy form attached to this circular in accordance with the instructions printed thereon as soon as possible. To be valid, H Shareholders shall return the proxy form or other authorization documents to the Company's H Share Registrar in Hong Kong, namely Computershare Hong Kong Investor Services Limited, and in any event not less than 24 hours before the time appointed for holding of the AGM (i.e. before 2:00 p.m. on Wednesday, June 16, 2021) or any adjournment thereof by hand or by post. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or at any adjournment thereof should you so wish.

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## LETTER FROM THE BOARD

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### 15. VOTING BY POLL

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

### 16. RECOMMENDATION

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

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

Fuzhou, Fujian, the PRC



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

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

**(Stock Code: 3606)**

## WORK REPORT OF THE BOARD OF SUPERVISORS FOR THE YEAR 2020

During the Reporting Period, the Board of Supervisors of Fuyao Glass Industry Group Co., Ltd. (hereinafter referred to as the “**Company**”) has duly carried out its supervisory duties in a stringent manner and effectively protected the interests of the Shareholders, the Company and its employees based on the principles of fairness and honesty and in accordance with the relevant provisions of the Company Law of the People's Republic of China (hereinafter referred to as the “**Company Law**”), the Securities Law of the People's Republic of China (hereinafter referred to as the “**Securities Law**”), the Articles of Association and the Rules of Procedure for the Board of Supervisors of the Company. The work report of the Board of Supervisors for the year 2020 is hereby presented as follows:

### I. WORK OF THE BOARD OF SUPERVISORS

For the year 2020, in strict compliance with the relevant requirements of the Company Law, the Securities Law, the Articles of Association and the Rules of Procedure for the Board of Supervisors of the Company, with our sense of responsibility towards all the Shareholders, the Board of Supervisors fulfilled its duties with due diligence, and proactively carried out various work. During the Reporting Period, the Board of Supervisors convened four meetings in total, and attended the general meetings and the meetings of the Board of Directors convened in the year. The Board of Supervisors effectively supervised the material decisions of operating activities, financial position and the performance of Directors and senior management of the Company, and reviewed and provided comments on the regular reports of the Company. The Board of Supervisors played an active role in promoting sound and stable development of the Company and safeguarded the legitimate interests of the Company and its Shareholders.

Session and number of the meeting	Date of convention	Topics of the meetings
The eleventh meeting of the ninth session (meeting through communications)	March 27, 2020	Consideration of the H Shares Results Announcement and A Shares Preliminary Results Announcement for 2019.

Session and number of the meeting	Date of convention	Topics of the meetings
The twelfth meeting of the ninth session (meeting through communications)	April 27, 2020	<ol style="list-style-type: none"> <li>1. Consideration of the 2019 Work Report of the Board of Supervisors;</li> <li>2. Consideration of the 2019 Final Financial Report;</li> <li>3. Consideration of the 2019 Annual Report and Summary of Annual Report;</li> <li>4. Consideration of the 2019 Internal Control Evaluation Report of Fuyao Glass Industry Group Co., Ltd.;</li> <li>5. Consideration of the Resolution in Relation to the Full Text and the Main Body of the 2020 First Quarter Report;</li> <li>6. Consideration of the Resolution in Relation to the Projected Daily Related Transactions between the Company and Fuyao Group Beijing Futong Safety Glass Co., Ltd. for the Year 2020;</li> <li>7. Consideration of the Resolution in Relation to the Increase in the Projected Daily Related Transactions between the Company and Jinken Glass Industry Shuangliao Co., Ltd. for the Year of 2020.</li> </ol>
The thirteenth meeting of the ninth session (physical meeting and meeting through communications)	August 21, 2020	Consideration of the Resolution in Relation to the 2020 Interim Report of the Company and its Summary.

Session and number of the meeting	Date of convention	Topics of the meetings
The fourteenth meeting of the ninth session (physical meeting)	October 29, 2020	<ol style="list-style-type: none"><li>1. Consideration of the Resolution in Relation to the Full Text and the Main Body of the 2020 Third Quarter Report;</li><li>2. Consideration of the Resolution in Relation to the Re-election of the Members of the Board of Supervisors and the Nomination of the Candidates for Supervisors of the Tenth Session of the Board of Supervisors of the Company;</li><li>3. Consideration of the Resolution in Relation to the Remuneration of the Supervisors of the Tenth Session of the Board of Supervisors of the Company;</li><li>4. Consideration of Resolution in Relation to the Projected Daily Related Transactions between the Company and Tri-Wall Packaging (Fuzhou) Co., Ltd. for the Year 2021;</li><li>5. Consideration of the Resolution in Relation to the Projected Daily Related Transactions between the Company and Jinken Glass Industry Shuangliao Co., Ltd. for the Year 2021;</li><li>6. Consideration of the Resolution in Relation to the Projected Daily Related Transactions between the Company and Fuyao Group Beijing Futong Safety Glass Co., Ltd. for the Year 2021.</li></ol>

**II. THE BOARD OF SUPERVISORS' REVIEW OPINIONS ON OPERATION OF THE COMPANY IN ACCORDANCE WITH LAWS**

The Board of Supervisors considers that in the year 2020, the Company's operation was in compliance with laws and regulations, and the internal control system was comprehensive and sound. The Board strictly carried out various resolutions approved by and authorizations granted by general meetings, and the decision-making procedure was lawful and effective. The Directors and senior management of the Company could perform their respective duties with diligence and dedication without violating laws, regulations and the Articles of Association or damaging interests of the Company and its Shareholders.

**III. THE BOARD OF SUPERVISORS' REVIEW OPINIONS ON EXAMINING FINANCIAL POSITION OF THE COMPANY**

During the Reporting Period, the Board of Supervisors examined and supervised the financial position, financial management, operating results and periodical reports of the Company, and considered that the Company's financial accounting system was sound and well-established, and the financial operation was standardized, and that the financial statements of the Company objectively, truly, accurately and comprehensively reflected the financial position and operating results of the Company. The profit distribution plan for the year 2019 was carried out in strict compliance with relevant rules and the requirements of the Articles of Association, and was in line with the existing operation of the Company.

**IV. THE BOARD OF SUPERVISORS' REVIEW OPINIONS ON THE RELATED TRANSACTIONS OF THE COMPANY**

During the Reporting Period, the Board of Supervisors supervised the Company's related transactions in 2020, and paid attention to the relevant behavior of related Directors and related Shareholders. The Board of Supervisors is of the view that the related transactions of the Company in 2020 were carried out in accordance with term of respective agreements governing such transactions, followed due decision-making procedures, were entered into on fair and reasonable terms, and were in the interest of the Shareholders of the Company as a whole. None of such related transactions was found to have jeopardized the interests of the Company.

**V. THE BOARD OF SUPERVISORS' REVIEW OPINIONS ON THE INTERNAL CONTROL OF THE COMPANY**

During the Reporting Period, the Board of Supervisors supervised and inspected the construction and operation of the Company's internal control system, and is of the view that the internal control management system established by the Company is in compliance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Accounting Law of the People's Republic of China, the Guidelines of the Shanghai Stock Exchange for Internal Control of Listed Companies (《上海證券交易所上市公司內部控制指引》), the Basic Rules for the Internal Control of Companies (《企業內部控制基本規範》) and other regulatory rules for internal control. During the Reporting Period, the Company maintained, in all material aspects, effective internal control over financial reporting in accordance with the corporate internal control standard system and relevant provisions, without any material defect in internal control over financial reporting, and reasonably guaranteed the compliance by the Company with laws and regulations in its operation and management, the safety of assets, and the truthfulness, accuracy and completeness of financial reports and information disclosure, and the Company's system for internal control and risk management was effective.

In 2021, the Board of Supervisors will not fail to live up to the expectations of all Shareholders and will faithfully, honestly and diligently discharge its responsibilities in strict compliance with laws and regulations, including the Company Law and the Securities Law, and the requirements under the Articles of Association, so as to make unremitting efforts to safeguard the legitimate interests of the Company and all Shareholders.



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

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## **DUTY REPORT OF INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR 2020**

As the independent non-executive Directors of Fuyao Glass Industry Group Co., Ltd. (hereinafter referred to as the “**Company**”), in 2020, in strict compliance with the Company Law of the People’s Republic of China (the “**Company Law**”), the Code of Corporate Governance for Listed Companies, the Guiding Opinions on the Establishment of the Independent Directorship System by Listed Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (the “**SSE Listing Rules**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and other relevant laws, regulations and regulatory documents, as well as the requirements under the Articles of Association of Fuyao Glass Industry Group Co., Ltd. (hereinafter referred to as the “**Articles of Association**”), the Independent Directorship System of Fuyao Glass Industry Group Co., Ltd., and the Working Rules on the Annual Report of Independent Directors of Fuyao Glass Industry Group Co., Ltd. and other systems and with our sense of responsibility towards all Shareholders, we remained diligent and responsible in carrying out our duties, exercised the rights granted by the Company and the Shareholder with due discretion, actively participated in the general meetings of the Company and the meetings of the Board and expressed objective and fair independent opinions on the significant matters considered by the Board of the Company at its meetings. As such, we have fully discharged our responsibilities as the independent Directors and safeguarded the legitimate interests of all Shareholders, in particular minority Shareholders. The report on the duty performance of independent non-executive Directors for the year 2020 is hereby presented as follows:

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

The terms of office of the members of the ninth session of the Board of Directors, the Board of Supervisors and senior management expired in January 2021, and on January 15, 2021, the Company held the 2021 first extraordinary general meeting and the first meeting of the tenth session of the Board of Directors to re-elect/reappoint the members of the tenth session of the Board of Directors, the Board of Supervisors and senior management. For details, please refer to the announcement dated January 16, 2021 as published on the Shanghai Securities News, the China Securities Journal, the Securities Times and the websites of the SSE (<http://www.sse.com.cn>) and the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

**Ms. Cheung Kit Man Alison** has served as an independent non-executive Director of the Company since January 2018. Ms. Cheung Kit Man Alison currently serves as a member of the Examinations Committee of Hong Kong Securities and Investment Institute. Ms. Cheung Kit Man Alison served as the managing director of HSBC Private Bank from March 2010 to January 2017, and the senior vice president and managing director of DBS Hong Kong from February 2001 to March 2010.

**Mr. Liu Jing** has served as an independent non-executive Director of the Company since October 2019. Mr. Liu Jing is currently the vice president and secretary general of China Association of Social Workers, the head of China Philanthropy Times and the dean of the Faculty of Social Works of the Open University of China.

**Mr. Qu Wenzhou** has served as an independent non-executive Director of the Company since October 2019. Mr. Qu Wenzhou is currently the dean of the Jinyuan Institute for Financial Studies (金圓研究院), the director of the Chinese Capital Market Research Centre, the director of the MBA Centre of the School of Management and a professor of the Finance Department of the School of Management of Xiamen University.

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

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

### (I) Attendance at Board meetings

Name of the independent non-executive Directors	Number of meeting(s) of the Board of Directors required to attend for the year	Number of meeting(s) attended in person	Number of meeting(s) attended through communications	Number of meeting(s) attended by proxy	Number of absences
CHEUNG KIT MAN ALISON (張潔雯)	5	4	4	1	0
LIU JING (劉京)	5	4	4	1	0
QU WEN ZHOU (屈文州)	5	5	4	0	0

Poll results: We voted for all the resolutions considered at the meeting of the Board held in 2020, and did not raise any objections or abstain from voting.

**(II) Attendance at the meetings of special committees of the Board**

In 2020, we actively attended meetings of the Strategy and Development Committee, the Audit Committee, the Nomination Committee and the Remuneration and Assessment Committee of the Board, and did not miss any of the relevant meetings. We also voted for all the resolutions considered at the meetings and did not raise any objection or abstain from voting.

**(III) Attendance at general meetings**

<b>Name of the independent non-executive Directors</b>	<b>Number of general meeting(s) required to attend for the year</b>	<b>Number of meeting(s) attended in person</b>
CHEUNG KIT MAN ALISON (張潔雯)	1	0
LIU JING (劉京)	1	0
QU WEN ZHOU (屈文州)	1	1

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

<b>No.</b>	<b>Date, session and number of the meeting</b>	<b>Independent opinions issued</b>
1.	March 27, 2020 the thirteenth meeting of the ninth session of the Board	Independent opinions on the entrusted wealth management with self-owned funds of the Company.

No.	Date, session and number of the meeting	Independent opinions issued
2.	April 27, 2020 the fourteenth meeting of the ninth session of the Board	<p>(1) Independent opinions on the 2019 evaluation report of the Company for internal control;</p> <p>(2) Special explanation and independent opinions on the external guarantees and capital movement between the Company and the related parties;</p> <p>(3) Independent opinions on the profit distribution plan of the Company for the year 2019;</p> <p>(4) Independent opinions on the entrusted wealth management with self-owned funds of the Company;</p> <p>(5) Independent opinions on the daily related transactions of the Company;</p> <p>(6) Independent opinions on the reappointment of PricewaterhouseCoopers as the overseas audit institution of the Company for 2020;</p> <p>(7) Independent opinions on the reappointment of PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) as the domestic audit institution and internal control audit institution of the Company for 2020;</p> <p>(8) Independent opinions on the increase in the daily related transactions between the Company and Jinken Glass Industry Shuangliao Co., Ltd. for the year 2020.</p>

No.	Date, session and number of the meeting	Independent opinions issued
3.	October 29, 2020 the seventeenth meeting of the ninth session of the Board	<p>(1) Independent opinions on the remuneration of the Directors of the tenth session of the Board of the Company;</p> <p>(2) Independent opinions on the daily related transactions of the Company;</p> <p>(3) Independent opinions on the nomination of candidates for non-independent Directors and independent Directors of the tenth session of the Board of the Company.</p>

### III. KEY CONCERNS IN THE DUTY PERFORMANCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR

#### (I) Related Transactions

Pursuant to the SSE Listing Rules, the Hong Kong Listing Rules, the Administrative Measures for Related Transactions of the Company and the Articles of Association, we have reviewed the necessity, fairness of pricing, compliance of approval procedures and other aspects of the related transactions entered into during the Reporting Period and expressed our independent opinions in respect thereof.

The related transactions of the Company in 2020 were carried out in accordance with respective agreements governing such transactions, followed due decision-making procedures, were entered into on fair and reasonable terms, and were in the interest of the Shareholders of the Company as a whole. None of such related transactions was found to have jeopardized the interest of the Company.

#### (II) External Guarantees and Misappropriation of Funds

##### 1. External guarantees

- (1) Pursuant to relevant laws, regulations, the Articles of Association and the Management System of the Company on the External Guarantees, the external guarantees offered by the Company and its subsidiaries shall be submitted to the Board or general meeting for consideration and approval in accordance with the relevant authorization and permission. As of December 31, 2020, the balance of external guarantees provided by the Company amounted to RMB782.988 million, all of which were guarantees provided to subsidiaries by the Company.

- (2) As of December 31, 2020, save for the guarantees provided to subsidiaries by the Company, no guarantees were provided by the Company to its controlling Shareholder, actual controller or its affiliated enterprises, nor to any other related party in which the Company holds less than 50% equity interest, any unincorporated entity or any individual. As of December 31, 2020, the Company and its subsidiaries did not provide any non-compliant external guarantees, nor did they have non-compliant external guarantees provided in previous years but subsisting to the end of 2020.
- (3) In strict compliance with the requirements of internal control systems such as the Articles of Association and the Management System of the Company on the External Guarantees, the Company has made full and complete disclosure in relation to its external guarantees. The external guarantees provided by the Company are based on the reasonable needs of the Company for development. The decision-making procedures of the external guarantees are legal and valid. The Company has also fulfilled the relevant information disclosure obligations in a timely manner, without prejudice to the interests of the Company and its Shareholders, especially the interests of minority Shareholders.

## **2. *Misappropriation of funds***

As considered and approved at the fifteenth meeting of the eighth session of the Board of the Company convened on August 4, 2017, the loans granted by the Company and its domestic subsidiaries to Jinken Glass Industry Shuangliao Co., Ltd. (hereinafter referred to as “**Jinken Glass**”), a related party of the Company, shall be no more than RMB190 million with a term of not more than 24 months and an interest rate of no less than the RMB benchmark loan interest rate of financial institutions as published by the People’s Bank of China for the corresponding period. Shuangliao Jinyuan Glass Product Co., Ltd. and Jilin Huasheng Gas Group Co., Ltd., both of which are the shareholders of Jinken Glass, unconditionally pledged all of their respective 50% and 25% equity interests in Jinken Glass to the Company or its domestic subsidiaries, and Jinken Glass unconditionally pledged all of its movable properties, such as machinery, equipment and vehicles, and real estates (including but not limited to buildings, land use rights, etc.) to the Company or its domestic subsidiaries as security for the loans applied for by Jinken Glass from the Company and its domestic subsidiaries. Before the expiration of the term of the loan, Jinken Glass applied to the Company for the extension of such term due to its financial strain. As considered and approved at the ninth meeting of the ninth session of the Board of the Company convened on March 15, 2019, the Board of the Company agreed to extend the term of the above connected loan to August 15, 2021. For details, please refer to the Announcement of Fuyao Glass

Industry Group Co., Ltd. on Connected Transaction in Relation to the Provision of Loans to a Related Party and the Announcement of Fuyao Glass Industry Group Co., Ltd. on Extension of Term of Repayment of the Connected Loans dated August 5, 2017 and March 16, 2019, respectively, as published on the Shanghai Securities News, the China Securities Journal, the Securities Times, and the website of the SSE (<http://www.sse.com.cn>).

Save as mentioned above, in 2020, the capital movement between the Company and the related parties (hereinafter excluding the wholly-owned or controlled subsidiaries of the Company) was based on normal capital transactions. There were no instances where the controlling Shareholder and actual controller of the Company, other enterprises controlled by the Company as well as other related parties appropriated the funds of the Company for non-operating purpose, nor did the Company provide funds directly or indirectly to its controlling Shareholder or actual controller, other enterprises controlled by the Company as well as other related parties in violation of regulations. There were no instances where the related parties illegally appropriated the funds of the Company in previous years but subsisting to the end of 2020.

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

1. At the seventeenth meeting of the ninth session of the Board of the Company convened on October 29, 2020, we carefully reviewed the relevant materials, and issued independent opinions concerning the nomination of candidates for the non-independent Directors and for the independent Directors of the tenth session of the Board of the Company. We are of the view that the procedure of the nomination of candidates for the non-independent Directors and for the independent Directors of the tenth session of the Board were in compliance with the relevant requirements under the Company Law, the Guiding Opinions on the Establishment of the Independent Directorship System by Listed Companies, the Articles of Association and the Independent Directorship System of the Company. We agreed on the candidates for the non-independent Directors and for the independent Directors of the tenth session of the Board as nominated by the Board of the Company and agreed the afore-mentioned candidates for the non-independent Directors and for the independent Directors of the tenth session of the Board to be presented to the general meeting for election.

2. At the seventeenth meeting of the ninth session of the Board of the Company convened on October 29, 2020, we carefully reviewed the Resolution in Relation to the Remuneration for Directors of the Tenth Session of the Board of the Company and relevant materials as provided by the Board of the Company, and effectively communicated with relevant persons of the Company. Based on independent judgment, we issued independent opinions. We are of the view that the remuneration plan for the Directors of the tenth session of the Board of the Company as proposed by the Board of the Company are reasonable, and such remuneration plan will safeguard the Directors of the Company to perform their duties honestly and exercise their powers effectively, which is in line with the relevant provisions of the Articles of Association and the actual situation of the Company. We agreed on the remuneration plan for the Directors of the tenth session of the Board of the Company as proposed by the Board of the Company and agreed to submit the same to the general meeting of the Company for consideration.
3. The Remuneration and Assessment Committee of the Company has earnestly performed their duties pursuant to the Work Rules of the Remuneration and Assessment Committee of the Company, and are of the view that the remunerations paid by the Company to the senior management are fair and reasonable and in line with the Company's remuneration policy and assessment criteria, and without violation of rules of the Company.

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

The H Shares Results Announcement and A Shares Preliminary Results Announcement for 2019 was considered and approved at the thirteenth meeting of the ninth session of the Board of the Company held on March 27, 2020. For details, please refer to the 2019 Annual Preliminary Results Announcement of Fuyao Glass Industry Group Co., Ltd. issued by the Company on March 28, 2020 on the Shanghai Securities News, the China Securities Journal, the Securities Times and the website of the SSE (<http://www.sse.com.cn>), and the Unaudited Annual Results Announcement for the Year Ended December 31, 2019 published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>).

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

Since PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) was appointed as the audit institution of the Company, it has been emphasizing on the understanding of the Company and its operating environment, focusing on the establishment and implementation of the Company's internal control, and attaching importance to maintaining communications with the Audit Committee under the Board and the independent Directors of the Company. It maintained their independence, objectivity and impartiality in the course of audit with cautious, independent and objective working attitude, and diligently fulfilled their audit responsibilities. The Audit Committee under the Board of the Company proposed to the Board for the reappointment of PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) as the domestic audit institution and internal control audit institution of the Company for 2020. In light of the above, we agreed to reappoint PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) as the domestic audit institution and internal control audit institution of the Company for 2020 and agreed to present the above-mentioned matters at the general meeting of the Company for consideration.

PricewaterhouseCoopers maintained their independence, objectivity and impartiality in the course of audit with cautious, independent and objective working attitude, and diligently fulfilled their audit responsibilities. The Audit Committee under the Board of the Company proposed to the Board for reappointment of PricewaterhouseCoopers as the overseas audit institution of the Company for 2020. In light of the above, we agreed to reappoint PricewaterhouseCoopers as the overseas audit institution of the Company for 2020 and agreed to present the above-mentioned matters at the general meeting of the Company for consideration.

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

At the fourteenth meeting of the ninth session of the Board of the Company convened on April 27, 2020, we conducted a thorough discussion in respect of the compliance and reasonableness of the proposed Profit Distribution Plan for the Year 2019 of the Company and issued independent opinions as follows: we are of the opinion that the proposed Profit Distribution Plan for the Year 2019 of the Company is in compliance with the provisions of the Company Law of the People's Republic of China, the Listed Companies Regulatory Guidance No. 3 – Cash Dividend Distribution of Listed Companies and other laws, regulations and regulatory documents as well as relevant requirements regarding profit distribution policy as stipulated in the Dividend Distribution Plan for Shareholders for the

Upcoming Three Years (2018-2020) of the Company and the Articles of Association. The Company formulated the Profit Distribution Plan for the Year 2019 on the basis of fully considering the external macroeconomic situation, the Company's future development, financial position, cash flow status, profitability, and investment return to Shareholders, etc. The proposed Profit Distribution Plan for the Year 2019 represents the Company's emphasis on reasonable investment returns to investors, while giving due consideration to the actual operation and sustainable development of the Company without prejudice to the interests of the Company and its Shareholders as a whole. The Profit Distribution Plan for the Year 2019 was considered and approved at the fourteenth meeting of the ninth session of the Board of the Company. The voting results were lawful and valid. We agreed to present the Profit Distribution Plan for the Year 2019 for consideration at the 2019 annual general meeting of the Company.

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

In 2020, the Company and its controlling shareholders strictly complied with relevant laws and regulations, without any breach of their relevant commitments.

**(VIII) Implementation of Information Disclosure**

In 2020, in strict compliance with the SSE Listing Rules and the Hong Kong Listing Rules as well as the information disclosure requirements of the Company, the Company performed its obligations of information disclosure in a truthful, accurate, complete, timely and impartial manner, safeguarding the rights of its Shareholders, creditors and other stakeholders to access information of the Company.

**(IX) Implementation of Internal Control**

In 2020, the Company formed a reasonable and effective internal control system through overseeing and tracking its operating activities and financial condition pursuant to the relevant internal control rules, which ensures the operating activities of the Company and its subsidiaries to be carried out in a healthy and stable way under the internal control system. The existing internal control rules of the Company are in line with relevant laws and regulations and regulatory requirements, basically maintain effective internal control over the management and operation of the Company in all material aspects. In this regard, there are no material defects in the internal control of the Company.

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

There are four special committees under the Board, namely, the Audit Committee, the Nomination Committee, the Remuneration and Assessment Committee and the Strategy and Development Committee. In 2020, these special committees earnestly performed their duties and professional functions, reviewed matters falling within their respective terms of reference, and operated in accordance with relevant standards.

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

- (1) As independent non-executive Directors of the Company, we carried out the duties of independent Directors in a faithful and effective manner in 2020. For every resolution required to be considered by the Board of the Company, we firstly reviewed the resolution materials and introduction of relevant situations provided by the Company in an earnest manner. Then we would provide professional opinions and recommendations after understanding all issues related to the resolution adequately. On this basis, we exercised our voting rights in an independent, objective and prudent manner and strived to safeguard the legitimate rights of the investors from being prejudiced by such decision made by the Company.
- (2) We carried out supervision and inspection on the information disclosure of the Company in order to ensure that the Company disclosed information truly, accurately, completely, timely and fairly. We paid attention to the advertisements and reports on the Company in media including the website of the Company, newspaper and television, and maintained close contact with the Directors, chief financial officer, director of auditing division, secretary to the Board and other relevant personnel of the Company in order to understand the production and operation and the progress of material events of the Company.
- (3) We made objective and impartial judgment on the Company's periodic financial statements and relevant matters; supervised and inspected whether the information of the Company was disclosed truly, accurately, completely, timely and fairly, in order to safeguard the legitimate interests of public shareholders.
- (4) In 2020, we conducted careful review and inspection with respect to the performance of undertakings by the Company and its Shareholders and did not discover any violation of undertakings.

- (5) Pursuant to relevant requirements including the SSE Listing Rules and the Hong Kong Listing Rules, after reviewing the relevant information provided by the Company in relation to its continuing related transactions with Fujian Yaohua Industrial Village Development Co., Ltd., Global Cosmos German Limited, Tri-Wall Packaging (Fuzhou) Co., Ltd., Jinken Glass Industry Shuangliao Co., Ltd. and Fuyao Group Beijing Futong Safety Glass Co., Ltd. for the year 2020, we are of view that (a) such transactions were entered into in the ordinary course of the Company's business; (b) such transactions were entered into on normal commercial terms or if comparables were not sufficient for judging whether such terms of transactions were entered into on normal commercial terms, the terms were no less favorable than those obtained from or offered by independent third parties (as the case may be) as far as the Company is concerned; and (c) such transactions were carried out in accordance with the terms of relevant transaction agreements which were fair and reasonable and were in line with the interests of Shareholders of the Company as a whole.
- (6) In 2020, we paid attention to the impact of changes in external environment and market on the Company while proactively investigating and acquiring necessary circumstances and information for decision-making and paying adequate attention and supervising the governance structure, establishment of internal control system, related transactions and production and operation activities of the Company.
- (7) We proactively studied relevant laws, regulations and regulatory systems so as to enhance our knowledge and understanding of relevant regulations, particularly those involving regulations on corporate governance structure and protection of the interests of public shareholders. We constantly enhanced our capability to protect the interests of the Company and investors and formed awareness to spontaneously protect the interests of all Shareholders.

## **V. OTHER MATTERS**

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

In 2021, we will further enhance communications with the Company's Directors, Supervisors and management, strengthen learning and improve professional skills and decision making capability, and pay attention to the improvement of corporate governance structure, implementation of cash dividend policies, related transactions, external guarantees, internal control and information disclosure. We will, in compliance with the requirements under the relevant laws and regulations for independent Directors, adhere to the principles of prudence, diligence and honesty and faithfully perform duties and obligations of independent non-executive Directors, leverage our professional knowledge and experience to provide the Board with more constructive comments and recommendations for decision-making, proactively promote and optimize corporate governance, and safeguard the legitimate rights of all Shareholders, especially minority Shareholders, so as to strengthen the Company's continuous and healthy development.

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

**Independent non-executive Directors of the tenth session of the Board:**

**Cheung Kit Man Alison**

**Liu Jing**

**Qu Wenzhou**



**福耀玻璃工业集团股份有限公司**  
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## **DIVIDEND DISTRIBUTION PLAN FOR THE SHAREHOLDERS FOR THE UPCOMING THREE YEARS (2021-2023)**

In order to further enhance the transparency of cash dividend distribution of Fuyao Glass Industry Group Co., Ltd. (the “**Company**”), improve and perfect the decision-making and supervision mechanism for dividend distribution of the Company, maintain the continuity and stability of profit distribution policies, protect legal interests of investors, and facilitate investors to obtain stable expected return, and at the same time to strengthen the Company’s awareness of return to its shareholders and fully safeguard the entitlement to return on assets and other rights of the shareholders of the Company, the Company formulated the Dividend Distribution Plan of Fuyao Glass Industry Group Co., Ltd. for the Shareholders for the Upcoming Three Years (2021-2023) in accordance with the spirit of the Notice Regarding Further Implementation of Cash Dividends Distribution of Listed Companies and the Listed Companies Regulatory Guidance No. 3 – Cash Dividends Distribution of Listed Companies issued by China Securities Regulatory Commission, as well as practical situation of the Company. Details are as follows:

### **Article 1 Factors taken into account by the Company in formulation of the plan**

The Company shall formulate the plan with a view to long-term and sustainable development of the Company, based on a comprehensive analysis on the actual operation and development, shareholders’ requirements and willingness, social capital cost, external financing environment and other factors of the Company, with full consideration to the Company’s current and future profit size, cash flow situation, development stage, demands for project investment funds, bank credit, debt financing environment, etc., to set up a sustained, stable and scientific mechanism for return to investors, thus achieving an institutional arrangement for profit distribution to maintain the continuity and stability of profit distribution policies.

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<b>APPENDIX III</b>	<b>DIVIDEND DISTRIBUTION PLAN FOR THE SHAREHOLDERS FOR THE UPCOMING THREE YEARS (2021-2023)</b>
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**Article 2 Principles for formulation of the plan**

The Company implements the proactive, continuous and stable profit distribution policies, in which great significance is attached to reasonable investment return to investors and the actual operation and sustainable development of the Company. In making decisions on and deliberating relevant profit distribution plan by the Board of Directors of the Company and prior to the consideration of detailed cash dividend proposals by the general meeting of the Company, the Company may communicate and exchange opinions with independent directors and minority shareholders by phone, fax, correspondence, e-mail, the interactive platform for investor relations on the website of the Company etc., thereby fully listening to opinions and concerns of independent directors and minority shareholders and responsively answering questions that minority shareholders concern.

**Article 3 Cycle and relevant decision-making mechanism of the dividend distribution plan for the shareholders**

The Board of Directors of the Company shall, based on the profit distribution policies set forth in the Articles of Association, formulate the dividend distribution plan for the shareholders. When the Company deems it necessary to adjust or change any of its profit distribution policies due to its production and operation conditions, investment plan, the need of long-term development, or material changes caused by external business environment or the Company's operation situation, it shall follow relevant decision-making procedures upon detailed deliberation, and such adjustment or change shall be subject to conditions under the Articles of Association and approval from shareholders representing 2/3 or more of the voting rights of the shareholders (including proxies thereof) in presence.

The Company shall, at least every three years, deliberate on the dividend distribution plan for the shareholders, and shall, based on the advice from shareholders (especially minority shareholders) and independent directors, make appropriate and necessary modifications to the existing profit distribution policies, to determine the dividend distribution plan for the shareholders for such period.

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<b>APPENDIX III</b>	<b>DIVIDEND DISTRIBUTION PLAN FOR THE SHAREHOLDERS FOR THE UPCOMING THREE YEARS (2021-2023)</b>
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**Article 4 The dividend distribution plan for the shareholders for the upcoming three years (2021-2023) is as follows:**

1. Form of profit distribution: provided that the relevant stipulations and conditions under the relevant laws, regulations, regulatory documents, the Articles of Association and this plan are complied with and that the continuity and stability of the profit distribution plan is ensured, the Company may distribute dividends by way of cash, shares, the combination of cash and shares or any other distribution methods as permitted under relevant laws and regulations. The profit distribution of the Company shall neither exceed the accumulated distributable profit nor impair the Company's ability to continue as a going concern. Among the profit distribution methods, the Company shall preferentially distribute in the form of cash over shares. Where the Company fulfills the conditions for dividend distribution in the form of cash, the Company shall distribute dividends by way of cash. Where the Company distributes profit in the form of shares, the decision shall be made based on true and reasonable factors such as the growth of the Company and the dilution of net assets per share.
2. Interval of profit distribution: if the Company has generated profit and its accumulated undistributed profit is a positive figure in the year, the Company shall distribute profit at least once a year. The Company may make interim profit distribution by way of cash. In the upcoming three years, the Board of Directors of the Company may propose to the Company an interim dividend distribution in accordance with the profit scale, cash flow position, development stage and demand for funds of the Company in the year.
3. Specific conditions for and the minimum proportion of dividend distribution by way of cash: in the event that the Company has no material investment plans or substantial capital expenditure (excluding investment projects for fundraising) and the Company has generated profit and its accumulated undistributed profit is a positive figure in the year, the Company shall distribute dividends in the form of cash and the profit distributed by this way for the year shall not be less than 20% of the distributable profit realized in the year, provided, however, that the sustainable operations and long-term development of the Company shall be ensured. The Board of Directors of the Company shall devise a proposal on the specific proportion of dividend distribution for each year in accordance with the profit condition of the Company for the year and plans for the utilization of future funds.

4. Specific conditions for dividend distribution by way of shares: provided that good conditions for operations and growth of the Company are ensured and that the Board of Directors of the Company considers there is a mismatch between the scale of the Company's share capital and, inter alia, the earnings per share, share price and net assets per share, and under the premise that the Company fulfills the requirements above for cash dividend distribution, the Company may distribute profit by way of shares. In determining the specific amount of profit distribution in the form of shares, the Company shall fully take into account whether the total share capital after the distribution of share dividends is in line with, inter alia, the current operational scale, pace of profit growth and dilution of net assets per share of the Company and consider its impact on future debt financing costs, in order to ensure that the profit distribution plan is in line with the overall and long term interests of the shareholders as a whole.
5. Differentiated cash dividend policies: the Board of Directors of the Company shall comprehensively consider its industry features, development stages, business model and profitability as well as whether it has any substantial capital expenditure arrangements, distinguish the following circumstances, and propose differentiated cash dividend policies in accordance with the procedures set out in the Articles of Association:
  - (1) Where the Company is in a developed stage with no substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 80% of the total profit distribution during the profit distribution;
  - (2) Where the Company is in a developed stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 40% of the total profit distribution during the profit distribution;
  - (3) Where the Company is in a developing stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 20% of the total profit distribution during the profit distribution;

If it is difficult to determine the Company's stage of development while it has significant capital expenditure arrangements, the profit distribution may be dealt with pursuant to rule (3) above.

6. In the event that the Company has realized profit in the previous financial year but the Board of Directors of the Company did not propose any cash dividend distribution plan at the end of the previous financial year, the Company shall seek advice from independent directors and shall disclose in the periodic reports the reasons for not proposing the cash dividend plan, the use of undistributed funds retained by the Company, and independent directors shall present independent opinions and disclose the same to the public.

7. The formulation and execution of the profit distribution plan: the Board of Directors of the Company shall propose a profit distribution plan and submit the same to the general meeting for consideration after the end of each financial year. The Company accepts the advice and supervision of all shareholders, independent directors and the Board of Supervisors on the Company's profit distribution plan. After a decision for the profit distribution plan has been reached at a general meeting of the Company, the Board of Directors of the Company shall complete the distribution of dividends (or shares) within 2 months of the convening of the general meeting.

**Article 5 The matters not covered in the plan shall be subject to laws, regulations, regulatory documents and the Articles of Association.**

**Article 6 The plan and the amendments thereto shall come into effect from the date of consideration and approval at a general meeting of the Company.**

**Article 7 The interpretation of the plan shall be vested in the Board of Directors of the Company.**



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

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

**(Stock Code: 3606)**

## **THE RULES FOR MANAGEMENT OF RELATED TRANSACTIONS**

### **CHAPTER 1 GENERAL PROVISIONS**

**Article 1** In order to regulate the decision-making management and information disclosure for related transactions of Fuyao Glass Industry Group Co., Ltd. (the “**Company**”), and ensure the Company’s related transactions will not prejudice the interests of the Company and all of its shareholders, especially the public shareholders, these rules are hereby formulated in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (the “**SSE Listing Rules**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HKSE Listing Rules**”), the Code of Corporate Governance for Listed Companies and the Accounting Standard for Business Enterprises No. 36 – Related Party Disclosures and other laws, regulations and regulatory documents and requirements of the Articles of Association of the Company, and after taking into account the actual situation of the Company.

**Article 2** These rules are applicable to the decision-making management and information disclosure of the Company’s related transactions. The Company shall abide by these rules when engaging in activities that are relevant to these rules.

**Article 3** The Company shall follow the following principles in conducting or dealing with related transactions:

- (1) the principle of legality and compliance;
- (2) the principle of honesty and credibility;
- (3) the principle of fairness, openness and impartiality;
- (4) the principle of abstention from voting.

**CHAPTER 2 RELATED PARTIES AND RELATED TRANSACTIONS**

**Article 4** Related parties of the Company include related legal persons and related natural persons as required under the SSE Listing Rules as well as the connected persons as required under the HKSE Listing Rules.

**Article 5** Related transactions under these rules refer to exchange of resources and assets, and the transaction of mutual provision of products, services or labor services between the Company or its holding subsidiary and the Company's related parties. Specifically, it includes all kinds of transactions that are defined as related transactions under the SSE Listing Rules and those that are defined as connected transactions under the HKSE Listing Rules.

**Article 6** Related transactions are classified as continuing related transactions and one-off related transactions, of which the former refers to the related transactions which are expected to happen continuously or regularly in a certain period and involve provision of goods, services or financial assistance in daily business.

**Article 7** Related transactions shall follow the commercial principles of openness, fairness and justice. Effective measures shall be adopted by the Company to prevent related parties from interrupting the operations of the Company and jeopardizing its interests by ways of monopoly on procurement and sales channels, etc.

**Article 8** The directors, supervisors, senior management, shareholders holding 5% or more of shares, actual controllers and concert parties of the Company shall inform the Company of their related relationships with the Company in a timely manner. The above entities shall keep the Company informed of any change of their related parties.

**CHAPTER 3 PRICE DETERMINATION OF RELATED TRANSACTIONS**

**Article 9** The price of related transactions of the Company means the transaction price of the goods, services and assets in the related transactions entered into between the Company and its related parties. A written agreement should be entered into whenever the Company is engaged in related transactions with its related parties. The signing of such agreement shall be based on the principles of legality, equality, voluntariness, equal value and valuable consideration.

**Article 10** The price or price determination principle of related transactions shall not deviate from the price or pricing standards of independent third parties in the market. The pricing of related transactions is determined based on national policies and market conditions, and mainly abides by the following principles:

- (1) If the government has set prices for the subjects of the transactions, those prices can be directly used;
- (2) If the government has set guiding prices for the subjects of the transactions, transaction prices can be determined reasonably based on the range of the guiding prices of the government;
- (3) Except that there are prices or guiding prices set by the government, transaction prices can be determined with reference to the comparable market prices or pricing standards of independent third parties in priority;
- (4) If there is no comparable market price of independent third parties for the subjects of the related transactions, transaction prices can be determined with reference to the non-related transaction prices between the related parties and third parties independent from the related parties;
- (5) If there is no market price of independent third parties or transaction price of independent non-related transaction for reference, price can be determined by a reasonable price composition, which is reasonable costs plus reasonable profit.

The parties to the related transactions determine the pricing method according to the specific circumstances of the transactions, and specify it in the relevant related transaction agreement.

**Article 11** The management of the payment for related transactions shall follow the following principles:

- (1) both parties to the transactions shall make payment in accordance with the method and time of payment agreed in the related transaction agreements;
- (2) the financial department of the Company shall track the execution of related transactions and settle the payment on time;
- (3) For related transactions where products, raw materials, and equipment are the subject matter, the supply and sales departments of the Company shall track the movements in their market prices and costs, record the movements in a timely manner and notify other relevant departments of the Company.

**CHAPTER 4 DECISION-MAKING POWERS ON RELATED TRANSACTIONS**

**Article 12** Subject to Article 23 hereof, the following related transactions shall be considered and approved by the general manager of the Company:

- (1) As defined under the SSE Listing Rules, any related transaction that the Group intends to enter into with its related natural person(s) with the transaction amount being less than RMB300,000, and any related transaction (excluding the provision of guarantees) that the Group intends to enter into with its related legal person(s) with the transaction amount being less than RMB3 million or less than 0.5% of the absolute value of the latest audited net assets of the Company;
- (2) As defined under the HKSE Listing Rules, any related transaction (excluding the issuance of new securities by the Company) that the Group intends to enter into with a related party at the listed company level with all applicable percentage ratios being less than 0.1%, and the relevant transaction is on normal commercial terms or better (as defined in the HKSE Listing Rules);
- (3) As defined under the HKSE Listing Rules, any related transaction (excluding the issuance of new securities by the Company) that the Group intends to enter into with a related party at the subsidiary level with all applicable percentage ratios being less than 1%, and the relevant transaction is on normal commercial terms or better.

**Article 13** Subject to Article 23 hereof, the following related transactions shall be considered, approved and timely disclosed by the Board of Directors of the Company:

- (1) As defined under the SSE Listing Rules, any related transaction that the Group intends to enter into with its related natural person involving over RMB300,000 (inclusive) but less than RMB30 million or involving an amount less than 5% of the absolute value of the latest audited net assets of the Company, and any related transaction (excluding the provision of guarantees) that the Group intends to enter into with its related legal person involving over RMB3 million (inclusive) and accounting for over 0.5% (inclusive) of the absolute value of the latest audited net assets of the Company but involving less than RMB30 million or involving an amount less than 5% of the absolute value of the latest audited net assets of the Company;

- (2) As defined under the HKSE Listing Rules, any related transaction (excluding the issuance of new securities by the Company) that the Group intends to enter into with a related party at the listed company level with any one of the applicable percentage ratios being more than 0.1% (inclusive) but all of the applicable percentage ratios being less than 5%, and the relevant transaction is on normal commercial terms or better;
- (3) As defined under the HKSE Listing Rules, any related transaction that the Group intends to enter into with a related party at the subsidiary level with any one of the applicable percentage ratios being more than 1% (inclusive), and the relevant transaction is on normal commercial terms or better, and has obtained the approval of the Board of Directors of the Company, and the independent non-executive directors of the Company have confirmed that the terms of the transaction are fair and reasonable, and such transaction is on normal or better commercial terms, and in the interests of the Company and the shareholders as a whole.

**Article 14** Any related transaction that meets the following standards shall be disclosed in a timely manner after being considered by the Company's Board of Directors and then submitted to the general meeting of the Company for approval before implementation:

- (1) As defined under the SSE Listing Rules, any related transaction (excluding the receipt of cash assets and provision of guarantee by the Company) that the Group intends to enter into with a related party involving over RMB30 million (inclusive) and accounting for more than 5% (inclusive) of the absolute value of the latest audited net assets of the Company;
- (2) As defined under the HKSE Listing Rules, any related transaction that the Group intends to enter into with a related party with any one of the applicable percentage ratios being more than 5% (inclusive);
- (3) The issuance of new shares by the Company to related parties, except for those which are exempted from the provisions concerning related transactions in accordance with the SSE Listing Rules and/or the HKSE Listing Rules.

**Article 15** Any provision of guarantee by the Company for related parties shall be submitted to the general meeting for consideration after it is approved by the Board of Directors, regardless of the amount of such guarantee.

The requirement of the preceding paragraph applies where the Company provides guarantees for a shareholder whose shares are less than 5% of the Company, and the said shareholder shall be abstained from voting at the general meeting.

**Article 16** If the related transactions involve matters such as provision of financial support, provision of guarantee and entrustment of wealth management, the amounts concerned shall be used as the calculation standard and calculated in aggregate for the 12 consecutive months based on the types of transaction, and the decision-making and disclosure procedures shall be performed. Where disclosure or the approval procedures of the general meeting have been executed in accordance with the cumulative calculation principle, the transaction shall not be included in calculating the relevant scope of aggregation.

**Article 17** The Company's capital transactions with its controlling shareholder(s) and other related parties shall be in compliance with the following regulations:

- (1) In operational fund transactions between the Company's controlling shareholder(s) and other related parties with the Company, appropriation of funds of the Company shall be strictly restricted. The Company shall not pay advance fees such as salary, benefits, insurance, advertising and other period expenses to the controlling shareholder(s) and other related parties, and shall not undertake costs and other expenses on their behalf;
- (2) The Company shall not directly or indirectly provide funds to the controlling shareholder(s) and other related parties for their use in the following ways:
  1. providing loans at call with or without compensation to the controlling shareholder(s) and other related parties;
  2. providing entrusted loans to related parties through banks or non-bank financial institutions;
  3. entrusting the controlling shareholder(s) and other related parties to conduct investment activities;
  4. issuing commercial acceptance bills without real trading for the controlling shareholder(s) and other related parties;
  5. making repayment for debts on behalf of the controlling shareholder(s) and other related parties;
  6. other ways as identified by China Securities Regulatory Commission (the "CSRC"), the Shanghai Stock Exchange (the "SSE") and The Stock Exchange of Hong Kong Limited (the "HKSE").
- (3) The Company shall not offer guarantee in favour of its controlling shareholder(s), other related parties with shareholding of less than 50% and any other non-legal person, entities or individual.

**CHAPTER 5 DECISION-MAKING PROCEDURES OF RELATED TRANSACTIONS**

**Article 18** If a transaction with a related party is proposed during the course of operation and management of the Company or its subsidiaries, the relevant departments and divisions should submit a written report to the office of the secretary to the Board of the Company to provide the information of the related transaction (including but not limited to background, advantageous position of the counterparty, purpose and necessity of the transaction, impacts on the Company, quantity, price and pricing principles, total amount, payment arrangement of the transaction, etc.) in advance.

**Article 19** After obtaining the materials, the office of the secretary to the Board of the Company should conduct a preliminary review on the proposed related transaction with relevant departments, and provide feedbacks under the approval authority as set out in the SSE Listing Rules and the HKSE Listing Rules after performing an assessment based on the transaction amount. The relevant departments or divisions proposing the related transaction should submit the matters related to the related transaction, together with the feedbacks from the office of the secretary to the Board, to personnel of higher rank who has the power of approval for decision based on the approval authority as set out in the relevant regulations and policies of the Company.

**Article 20** For a disclosable related transaction, the relevant departments or divisions proposing the related transaction should cooperate with the office of the secretary to the Board of the Company to prepare the relevant proposals, and submit them to the Board of Directors of the Company for consideration.

The independent directors of the Company should provide independent opinions on discloseable related transactions. Before making their judgements, the independent directors can engage intermediates including lawyers, accountants, financial advisers, etc. to provide relevant consultations or opinions pursuant to the relevant regulations as the bases of their judgements. For related transactions which require the opinions from the Company's Board of Supervisors, they shall be implemented only after the Board of Supervisors of the Company has resolved for a fair opinion on the related transactions.

When the Board of Directors of the Company considers related transactions, the related directors shall abstain from voting on such matters, nor shall they exercise their voting rights on behalf of other directors. Such Board meeting may only be held with attendance of over half of the unrelated directors, and the resolutions made at the Board meeting must be approved by over half of the unrelated directors. If the number of directors who are present at the Board meeting does not constitute a quorum due to the related directors' abstention from voting, the matters concerning the related transactions shall be submitted to general meeting for consideration. The related directors include the following directors and the directors that meet any of the following conditions:

- (1) being the counterparty of the transaction;
- (2) being the direct or indirect controller of the counterparty;
- (3) the directors serving in the counterparty, the legal person or other organizations directly or indirectly controlling the counterparty or under the direct or indirect control of the counterparty;
- (4) the close family members of the counterparty or those who directly or indirectly control the counterparty;
- (5) the close family members of the directors, supervisors and senior management personnel of the counterparty or those who directly or indirectly control the counterparty;
- (6) the directors identified by the CSRC, the SSE and the HKSE, or the Company as having a conflict of interest with the Company that may affect their independent business judgment.

**Article 21** If a related transaction is beyond the decision-making authority of the Company's Board of Directors, the Board of Directors of the Company shall submit the related transaction to the general meeting of the Company for consideration, and the implementation of the related transaction is subject to the approval of the general meeting.

The Board of Directors of the Company shall express opinions on whether the major related transactions submitted to the general meeting for consideration are beneficial to the Company. Meanwhile, the Board of Directors shall invite the intermediary which is qualified to engage in securities and futures related business to evaluate or audit the subject matter of transaction, but the subject matter of a transaction involved in the related transactions in connection with the daily operation of the Company will not be subject to audit or evaluation; the Board of Directors of the Company shall also appoint an independent financial adviser to advise on whether the related transaction is fair and reasonable as to all shareholders in accordance with the relevant laws, regulations, regulatory documents and the provisions under the listing rules of the place where the Company's securities are listed.

The Board of Supervisors of the Company shall express its opinions on whether the related transactions submitted to the Board of Directors and the general meeting for consideration are fair.

When the general meeting of the Company considers related transactions, the related shareholders shall abstain from voting. The related shareholders are those who meet any of the following conditions:

- (1) being the counterparty of the transaction;

- (2) being the direct or indirect controller of the counterparty;
- (3) under direct or indirect control by the counterparty;
- (4) under direct or indirect control, together with the counterparty, by the same legal person, other organisation or natural person;
- (5) being a shareholder whose voting rights are restricted and affected due to any outstanding share transfer agreement or any other agreement entered into with the counterparty or its related party;
- (6) being a shareholder who is able to potentially exploit the Company for his/her own interests as determined by the CSRC, the SSE and the HKSE.

**Article 22** In the event that the Company's capital misappropriated by a shareholder against regulations, the Company shall deduct the cash dividends entitled by such shareholder correspondingly, for repaying the misappropriated capital.

**Article 23** The Company should abide by the strictest standards in respect of the approval authority for carrying out related transactions. The stricter one of the requirements for disclosure and approval authority under the listing rules of the PRC and Hong Kong should be followed.

**Article 24** The office of the secretary to the Board of Directors of the Company should comply with the relevant requirements of the SSE Listing Rules and the HKSE Listing Rules to compile announcement documents for related transactions in a timely manner, and properly carry out the work for information disclosure to ensure that the disclosure of related transactions meet the regulations and requirements of the securities regulators of the places where the Company's shares are listed.

## CHAPTER 6 SUPPLEMENTARY PROVISIONS

**Article 25** Interpretation of relevant expressions:

- (1) "Group" refers to the Company and its subsidiaries (or the Company or any of its subsidiaries).
- (2) "Subsidiary" refers to a company that meets any of the following conditions:
  - 1. the Company holds or is able to control more than 50% of its voting rights;
  - 2. the Company shall have the right to appoint or remove more than half of the members of its board of directors;

3. the Company has effective control or dominant influence over the company through agreements or other arrangements;
  4. in accordance with the Hong Kong Financial Reporting Standards or the International Financial Reporting Standards, its accounts are consolidated in the audited consolidated statements of the Company as a subsidiary.
- (3) “Related party at subsidiary level” refers to a person who becomes a related party purely because of being related to the Company’s subsidiary.
- (4) “Percentage ratio(s)” refers to one or more percentage ratio(s) that is/are applicable in judging the scale of related transactions in accordance with the HKSE Listing Rules, including asset ratio, revenue ratio, consideration ratio and equity capital ratio.
- (5) “normal commercial terms or better” refers to the terms of transactions which a party could obtain under the following circumstances: if the transaction was on an arm’s length basis or terms no less favourable to the listed issuer group than terms available to or from independent third parties.
- (6) The “above”, “below” referred to herein shall be inclusive of the stated figure; while “over”, “more than” and “lower than” are not inclusive of the stated figure.

**Article 26** Matters not covered herein shall be performed in accordance with existing relevant laws and regulations of the PRC, the requirements of the securities regulators of the place where the Company’s shares are listed and the listing rules and the Articles of Association. In the event of any amendments to the relevant laws and regulations, the requirements of the securities regulators of the place where the Company’s shares are listed and the listing rules and the Articles of Association, the corresponding regulations of these rules shall be deemed to have been modified in accordance with the relevant regulations, and the revised regulations shall prevail.

**Article 27** The Board of Directors shall be responsible for the interpretation of these rules. The interpretation text of these rules, after being considered and approved by the Company’s Board of Directors, shall have the same effect as these rules.

**Article 28** These rules will take effect from the date of consideration and approval by the general meeting of the Company. The original “Rules for Management of Related Transactions” of the Company will automatically cease to be valid from the effective date of these rules.

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## NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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

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

**(Stock Code: 3606)**

### NOTICE OF THE 2020 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that Fuyao Glass Industry Group Co., Ltd. (the “**Company**”) will convene the 2020 annual general meeting of the Company (the “**AGM**”) in the Company’s conference room located at Fuyao Industrial Zone, Rongqiao Economic & Technological Development Zone, Fuqing City, Fujian Province, the PRC at 2:00 p.m. on Thursday, June 17, 2021 to consider and, if thought fit, approve the following resolutions. Unless the context otherwise requires, terms used in this notice shall have the same meaning as defined in the circular of the Company dated May 14, 2021.

#### **ORDINARY RESOLUTIONS**

1. Work Report of the Board of Directors for the Year 2020
2. Work Report of the Board of Supervisors for the Year 2020
3. Final Financial Report for the Year 2020
4. Profit Distribution Plan for the Year 2020
5. 2020 Annual Report and Summary of Annual Report
6. Resolution on the Reappointment of PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) as the Domestic Audit Institution and Internal Control Audit Institution of the Company for the Year 2021
7. Resolution on the Reappointment of PricewaterhouseCoopers as the Overseas Audit Institution of the Company for the Year 2021
8. Duty Report of Independent Non-executive Directors for the Year 2020

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## NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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9. Resolution on the Formulation of the Dividend Distribution Plan of Fuyao Glass Industry Group Co., Ltd. for the Shareholders for the Upcoming Three Years (2021-2023)
10. Resolution on the Amendments to the Rules for Management of Related Transactions
11. Resolution on the Issuance of Ultra Short-term Financing Notes by the Company

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

Fuzhou, Fujian, the PRC  
May 14, 2021

*Notes:*

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

To determine the name list of H Shareholders eligible to attend the AGM, the Company will close registration for H Share transfers from Friday, June 11, 2021 to Thursday, June 17, 2021 (both days inclusive). H Shareholders of the Company whose names appear on the H Share register of members of the Company at the close of business on Friday, June 11, 2021 are entitled to attend and vote at the AGM. Holders of H Shares who wish to attend the AGM but have not registered their share transfer documents shall lodge their transfer documents together with the relevant share certificates at the Company's H Share Registrar in Hong Kong, namely Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before 4:30 p.m. on Thursday, June 10, 2021.

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

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

The Company has put forward the profit distribution plan for 2020 to the AGM for consideration, pursuant to which the Company will make distribution of cash dividend for the year ended December 31, 2020 of RMB7.5 per 10 Shares (tax inclusive) to all Shareholders of the Company. In view of the completion of the placing of 101,126,000 new H Shares by the Company on 10 May 2021 under the specific mandate granted by the Shareholders (details of which are set out in the announcements of the Company dated 2 May 2021 and 10 May 2021), the total number of issued shares of the Company has been increased to 2,609,743,532, based on which a total dividend of RMB1,957,307,649 will be paid by the Company. Upon approval of the profit distribution plan for 2020 at the AGM, the cash dividend will be paid out within two months from the closing of the AGM according to the Articles of Association. Pursuant to the current work plan of the Company, it is expected that dividends will be paid on or before Friday, August 13, 2021. Where there is any change in the aforesaid expected distribution date of dividend, related announcement will be published by the Company in a timely manner. The Company will separately announce the details regarding the distribution of dividend in due course.

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## NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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

Pursuant to the Notice of the State Administration of Taxation on Matters Concerning Withholding Enterprise Income Tax When China Resident Enterprises Distribute Dividends to Foreign Non-resident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), distributing dividends by China resident enterprises to foreign non-resident enterprise shareholders of H Shares for 2008 and for the years onwards shall be subject to the enterprise income tax withheld at a uniform rate of 10%. As such, the Company is required to withhold enterprise income tax at the rate of 10% before distributing dividends for the year ended December 31, 2020 to foreign non-resident enterprise shareholders as appearing on the H Share register of members of the Company. Upon receipt of such dividends, a foreign non-resident enterprise shareholder may apply to the competent tax authorities for relevant treatment under the tax treaties (arrangements) in person or through a proxy or a withholding agent and provide evidence in support of its status as a beneficial owner as defined in the tax treaties (arrangements). Upon verification by the competent tax authorities, the difference between the tax levied and the amount of tax payable as calculated at the tax rate under the tax treaties (arrangements) will be refunded.

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

Pursuant to the Notice on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) promulgated by the Ministry of Finance and the State Administration of Taxation of the PRC on May 13, 1994, overseas individuals are exempted from the PRC individual income tax for dividends or bonuses received from foreign-invested enterprises. As the Company is a foreign-invested enterprise, it is not required to withhold and pay the PRC individual income tax when distributing dividends for the year ended December 31, 2020 to overseas individual shareholders as appearing on the H Share register of members of the Company.

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

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

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

Pursuant to the Notice on the Tax Policies Concerning the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) effective from November 17, 2014:

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

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## NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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Pursuant to the Notice on the Tax Policies Concerning the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)) effective from December 5, 2016:

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

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

### 3. PROXY

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

In order to be valid, H Shareholders shall lodge the proxy form, together with the power of attorney or other authority (if any), by hand or post, to the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time appointed for holding the 2020 AGM (i.e. before 2:00 p.m. on Wednesday, June 16, 2021) or its adjourned meeting.

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

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

Shareholders or their proxies shall present their identity documents when attending the AGM. If an attending Shareholder is a legal person, its legal representative or director or person authorized by other governing body shall present the copy of the resolution of the board of directors or other governing body of such Shareholder for appointing such person to attend the AGM.

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## NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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### 5. VOTING BY POLL

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

### 6. OTHERS

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

(2) Contact information of the Company:

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

### 7. REFERENCES TO DATES AND TIMES IN THIS NOTICE ARE TO HONG KONG DATES AND TIMES

*As of the date of this notice, the Board of Directors of the Company comprises Mr. Cho Tak Wong, Mr. Tso Fai, Mr. Ye Shu and Mr. Chen Xiangming, as executive Directors; Mr. Wu Shinong and Ms. Zhu Dezhen, as non-executive Directors; Ms. Cheung Kit Man Alison, Mr. Liu Jing and Mr. Qu Wenzhou, as independent non-executive Directors.*