

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

**福耀玻璃工業集團股份有限公司**  
**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)**

**2016 FIRST QUARTERLY REPORT**

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

Set out below is the 2016 first quarterly report of Fuyao Glass Industry Group Co., Ltd. (the “**Company**”) and its subsidiaries for the three months ended March 31, 2016 (the “**Reporting Period**”). The financial report contained herein is prepared pursuant to the PRC Accounting Standards and has not been audited.

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

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

Fuzhou, Fujian, the PRC, April 19, 2016

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

**FUYAO GLASS INDUSTRY GROUP CO., LTD.**  
**2016 FIRST QUARTERLY REPORT**

**I. IMPORTANT NOTICE**

- 1.1 The board of directors (the “**Board**” or the “**Board of Directors**”), board of supervisors, directors (the “**Directors**”), supervisors and senior management of the Company shall warrant the truthfulness, accuracy and completeness of the contents stated in the quarterly report and that there are no false presentations, misleading statements or material omissions thereof and shall assume joint and several legal liabilities.
- 1.2 All Directors of the Company attended the Board meeting to consider the quarterly report.
- 1.3 Cho Tak Wong, the person-in-charge of the Company, Chen Xiangming, the principal-in-charge of accounting, and Lin Xuejuan, head of the Accounting Department (person-in-charge of accounting), warrant the truthfulness, accuracy and completeness of the financial statements set out in the quarterly report.
- 1.4 The first quarterly report of the Company has not been audited.

## II. MAJOR FINANCIAL DATA AND CHANGE OF SHAREHOLDERS OF THE COMPANY

### 2.1 Major Financial Data

Unit: Yuan Currency: RMB

|  | At the end of<br>this Reporting<br>Period  | At the end of<br>previous year   | Increase/decrease<br>at the end of this<br>Reporting Period<br>as compared with<br>the end of<br>previous year<br>(%) |
|--|--|--|---|
| Total assets   | <b>26,397,817,550</b>  | 24,826,971,392   | 6.33  |
| Net assets attributable to shareholders<br>of the listed Company   | <b>17,006,997,413</b>  | 16,408,627,385   | 3.65  |
|  | <b>From the<br/>beginning of<br/>the year to<br/>the end of the<br/>Reporting Period</b> | From the<br>beginning of<br>previous year<br>to the end of the<br>Reporting Period<br>of previous year | Increase/decrease<br>as compared with<br>the corresponding<br>period of<br>previous year<br>(%)                       |
| Net cash flows from operating activities   | <b>595,019,344</b>   | 265,239,855  | 124.33  |
|  | <b>From the<br/>beginning of<br/>the year to<br/>the end of the<br/>Reporting Period</b> | From the<br>beginning of<br>previous year<br>to the end of the<br>Reporting Period<br>of previous year | Increase/decrease<br>as compared with<br>the corresponding<br>period of<br>previous year<br>(%)                       |
| Operating revenue  | <b>3,567,039,473</b>   | 3,223,767,646  | 10.65   |
| Net profit attributable to shareholders<br>of the listed Company   | <b>583,071,294</b>   | 579,367,617  | 0.64  |
| Net profits attributable to shareholders<br>of the listed Company, net of<br>non-recurring gains or losses | <b>580,994,264</b>   | 592,084,755  | -1.87   |
| Return rate on weighted average<br>net assets (%)  | <b>3.49</b>  | 6.38   | Decreased by<br>2.89 percentage<br>points   |
| Basic earnings per share (Yuan/share)  | <b>0.23</b>  | 0.29   | -20.69  |
| Diluted earnings per share (Yuan/share)  | <b>0.23</b>  | 0.29   | -20.69  |

## Non-recurring profit and loss items and amounts

*Unit: Yuan Currency: RMB*

| <b>Items</b>  | <b>Amount for the current period</b> | Description |
|---|--------------------------------------|-------------|
| Profit and loss from disposal of non-current assets   | <b>-3,330,728</b>                    |             |
| Tax refund or exemption in relation to unauthorised approval, non-official approval or contingency  |                                      |             |
| Government subsidies recorded under current profit and loss (except for those closely related to the normal business operation of the Company, in compliance with requirements of the national policies and entitled continuously to a fixed amount or fixed quantity under the requirements of the State policies)   | <b>6,353,595</b>                     |             |
| Fund possession cost paid by non-financial enterprises and recorded under current profit and loss   |                                      |             |
| Profit arising from investment costs for acquisition of subsidiaries, associates and joint ventures less than the revenue generated from their identifiable net assets of the invested entity at fair value at the time of acquisition  |                                      |             |
| Profit or loss of non-monetary asset swap   |                                      |             |
| Profit or loss from entrusted investment or asset management  |                                      |             |
| Provisions for impairment of assets due to force majeure such as natural disasters  |                                      |             |
| Profit or loss from debt restructuring  |                                      |             |
| Corporate restructuring fees such as expenses on employee placement, integration charges, etc.  |                                      |             |
| Profit or loss from the excess of the fair value of a transaction of unfair consideration   |                                      |             |
| Current net profit or loss of subsidiaries resulting from merger of enterprises under common control from the beginning of the period to the date of merger   |                                      |             |
| Profit or loss from contingencies irrelevant to the normal operations of the Company  |                                      |             |
| Apart from hedging instruments relating to the normal operations of the Company, profit or loss from change in fair value of held-for-trading financial assets and held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets | <b>-2,015,335</b>                    |             |

| <b>Items</b>  | <b>Amount for the<br/>current period</b> | Description |
|---|--|-------------|
| Write back of the provision for impairment of accounts<br>receivable that is individually tested for impairment                       |  |             |
| Profit or loss from external entrusted loans  |  |             |
| Profit or loss from changes in fair value of investment<br>properties using the fair value model for subsequent<br>measurement        |  |             |
| Effect of one-off adjustment to current profit or loss in<br>accordance with laws and regulations on taxation and<br>accounting, etc. |  |             |
| Income of entrustment fees from entrusted operations  |  |             |
| Other non-operating income and expenses other than the<br>above items   | <b>1,687,796</b>                         |             |
| Other profit and loss items falling within the meaning of<br>non-operating profit or losses   |  |             |
| Impact on non-controlling interests (after tax)   |  |             |
| Effect of income tax  | <b>-618,298</b>                          |             |
|   | <hr/>                                    |             |
| Total   | <b><u><u>2,077,030</u></u></b>           |             |

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

*Unit: Shares*

Total number of shareholders 66,359 holders of A shares,  
73 registered holders of H shares

**Shareholding of top ten shareholders**

| Name of shareholders (Full name)                       | Shareholding at the end of period | Percentage (%) | Number of shares held with selling restrictions | Pledge or moratorium Status of shares | Status of Number | Nature of shareholder                 |
|--|-----------------------------------|----------------|---|---------------------------------------|------------------|---------------------------------------|
| HKSCC NOMINEES LIMITED<br>(Note)                       | 505,462,000                       | 20.15          | Nil   | Unknown                               |                  | Unknown                               |
| Sanyi Development Limited                              | 390,578,816                       | 15.57          | Nil   | Nil                                   |                  | Overseas legal person                 |
| Heren Charitable Foundation                            | 290,000,000                       | 11.56          | Nil   | Nil                                   |                  | Domestic non-state-owned legal person |
| Hong Kong Securities Clearing Company Limited          | 163,491,716                       | 6.52           | Nil   | Unknown                               |                  | Unknown                               |
| China Securities Finance Corporation Limited           | 66,239,588                        | 2.64           | Nil   | Unknown                               |                  | Unknown                               |
| TEMASEK FULLERTON ALPHA PTE LTD                        | 38,653,598                        | 1.54           | Nil   | Unknown                               |                  | Unknown                               |
| Fujian Yaohua Industrial Village Development Co., Ltd. | 34,277,742                        | 1.37           | Nil   | Pledged                               | 22,340,000       | Domestic non-state-owned legal person |
| Central Huijin Investment Ltd.                         | 24,598,300                        | 0.98           | Nil   | Unknown                               |                  | Unknown                               |
| Bai Yongli   | 19,795,119                        | 0.79           | Nil   | Unknown                               |                  | Unknown                               |
| Li Shengqing   | 18,089,275                        | 0.72           | Nil   | Unknown                               |                  | Unknown                               |

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

| Name of shareholders                                   | Number of tradable shares not subject to selling | Types and number of shares         |             |
|--|--|------------------------------------|-------------|
|  |  | Types                              | Number      |
| HKSCC NOMINEES LIMITED <i>(Note)</i>                   | 505,462,000                                      | Overseas listed foreign shares     | 505,462,000 |
| Sanyi Development Limited                              | 390,578,816                                      | Ordinary shares denominated in RMB | 390,578,816 |
| Heren Charitable Foundation                            | 290,000,000                                      | Ordinary shares denominated in RMB | 290,000,000 |
| Hong Kong Securities Clearing Company Limited          | 163,491,716                                      | Ordinary shares denominated in RMB | 163,491,716 |
| China Securities Finance Corporation Limited           | 66,239,588                                       | Ordinary shares denominated in RMB | 66,239,588  |
| TEMASEK FULLERTON ALPHA PTE LTD                        | 38,653,598                                       | Ordinary shares denominated in RMB | 38,653,598  |
| Fujian Yaohua Industrial Village Development Co., Ltd. | 34,277,742                                       | Ordinary shares denominated in RMB | 34,277,742  |
| Central Huijin Investment Ltd.                         | 24,598,300                                       | Ordinary shares denominated in RMB | 24,598,300  |
| Bai Yongli   | 19,795,119                                       | Ordinary shares denominated in RMB | 19,795,119  |
| Li Shengqing   | 18,089,275                                       | Ordinary shares denominated in RMB | 18,089,275  |

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

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

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

**2.3 Total number of preferential shareholders, the shareholdings of the top ten preferential shareholders and top ten holders of preferential shares not subject to trading moratorium as at the end of the Reporting Period**

Not applicable

**III. SIGNIFICANT EVENTS**

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

**1. As of the end of the Reporting Period, the particulars and reasons for material changes in Balance Sheet Items of the Company**

*Unit: Yuan Currency: RMB*

| <b>Item</b>  | <b>Balance at the end of the period</b> | <b>Balance at the beginning of the year</b> | <b>Increase/decrease</b> | <b>Percentage of increase/decrease</b> |
|--|---|---|--------------------------|--|
| Financial assets at fair value through profit or loss      | <b>120,660</b>                          | -   | 120,660                  | 100.00%                                |
| Notes receivable   | <b>806,588,027</b>                      | 569,748,367                                 | 236,839,660              | 41.57%                                 |
| Other receivables  | <b>122,913,164</b>                      | 86,561,210                                  | 36,351,954               | 42.00%                                 |
| Financial liabilities at fair value through profit or loss | <b>3,072,104</b>                        | 925,435                                     | 2,146,669                | 231.96%                                |
| Employee benefits payable                                  | <b>189,895,481</b>                      | 353,759,783                                 | -163,864,302             | -46.32%                                |
| Other current liabilities                                  | <b>299,469,069</b>                      | -   | 299,469,069              | 100.00%                                |

- a. Increase in financial assets at fair value through profit or loss was due to the revaluation of some of the unsettled forward foreign exchange settlement contracts of the subsidiaries as unrealized losses.
- b. Increase in notes receivable was mainly due to an increase in the settlement of acceptance notes during the Reporting Period.
- c. Increase in other receivables was mainly due to an increase in deposits of natural gas during the Reporting Period.
- d. Increase in financial liabilities at fair value through profit or loss was due to the revaluation of some of the unsettled forward foreign exchange settlement contracts of the subsidiaries as unrealized losses.

- e. Decrease in employee benefits payable was mainly due to the distribution of annual bonus withheld in the previous year during the Reporting Period.
- f. Increase in other current liabilities was due to the issuance of ultra-short term financing bonds amounting to RMB300 million during the Reporting Period.

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

*Unit: Yuan Currency: RMB*

| Item  | Amount for<br>the current<br>period | Amount for<br>the comparable<br>period | Increase/<br>decrease | Percentage<br>of increase/<br>decrease |
|---|-------------------------------------|--|-----------------------|--|
| Financial expenses  | <b>49,545,355</b>                   | 74,015,796                             | -24,470,441           | -33.06%                                |
| Profit arising from changes in fair value (losses are represented by "-") | <b>-1,676,009</b>                   | 21,273,891                             | -22,949,900           | -107.88%                               |
| Investment income   | <b>1,089,746</b>                    | 10,322,770                             | -9,233,024            | -89.44%                                |
| Non-operating income  | <b>8,699,079</b>                    | 14,210,995                             | -5,511,916            | -38.79%                                |
| Non-operating expenses  | <b>3,988,416</b>                    | 49,049,906                             | -45,061,490           | -91.87%                                |
| Income tax expenses   | <b>128,121,996</b>                  | 15,241,147                             | 112,880,849           | 740.63%                                |
| Gains or loss on non-controlling interests                                | <b>-696,279</b>                     | 104,528                                | -800,807              | -766.12%                               |

- a. Decrease in financial expenses was mainly due to a year-on-year decrease in interest rate and interest income incurred from H share proceeds during the Reporting Period.
- b. Decrease in profit arising from changes in fair value was mainly due to a decrease in the balance of foreign exchange settlement contracts of the Company and its subsidiaries.
- c. Decrease in investment income was due to a year-on-year decrease in investment income confirmed during the Reporting Period arising from disposal of equity interests of two joint ventures last year.
- d. Decrease in non-operating income was mainly due to insurance compensation received by subsidiaries during the same period of last year.

- e. Decrease in non-operating expenses was mainly due to the donation of US\$7 million by Fuyao Glass America, a subsidiary of the Company, to University of Dayton during the same period of last year.
- f. Increase in income tax expenses was mainly due to the write-down of 10% tax rates difference, being RMB102.70 million calculated based on the original tax rate of 25% for the years from 2011 to 2014 as the subsidiaries located at the Western China were entitled to the tax preferential policy of 15% tax rate under the Western China Development pursuant to the “State Administration of Taxation’s Announcement on Issues Concerning Enterprise Income Tax for the Catalog of Encouraged Industries in the Western Regions” (2015 No. 14)” (國家稅務總局公告的2015年第14號《國家稅務總局關於執行〈西部地區鼓勵類產業目錄〉有關企業所得稅問題的公告》)。
- g. Changes in non-controlling interests were mainly due to the loss of Xupu Fuyao, a non-wholly-owned subsidiary of the Company, during this Reporting Period.

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

*Unit: Yuan Currency: RMB*

| <b>Item</b>   | <b>Amount for the current period</b> | Amount for the comparable period | Increase/decrease | Percentage of increase/decrease |
|---|--------------------------------------|----------------------------------|-------------------|---------------------------------|
| Cash paid relating to other operating activities                                | <b>41,596,480</b>                    | 76,622,921                       | -35,026,441       | -45.71%                         |
| Cash received relating to other investment activities                           | <b>1,000,000</b>                     | -                                | 1,000,000         | 100.00%                         |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | <b>887,488,998</b>                   | 527,249,588                      | 360,239,410       | 68.32%                          |
| Cash received from capital injection  | -                                    | 5,701,401,641                    | -5,701,401,641    | -100.00%                        |
| Cash received relating to other financing activities                            | <b>300,000,000</b>                   | -                                | 300,000,000       | 100.00%                         |
| Cash payments relating to other financing activities                            | <b>1,135,849</b>                     | 4,770,682                        | -3,634,833        | -76.19%                         |

- a. Decrease in cash paid relating to other operating activities was mainly due to the donation of US\$7 million by Fuyao Glass America, a subsidiary of the Company, to University of Dayton during the same period of last year.
- b. Cash received relating to other investment activities represented the government grants in relation to assets received during the Reporting Period.
- c. Increase in cash paid to acquire fixed assets, intangible assets and other long-term assets was mainly due to the expenditures for the construction of projects including Fuyao Glass America Inc. and Tianjin Hongde Auto Glass Co., Ltd. during the Reporting Period.
- d. Decrease in cash received from capital injection was mainly due to the proceeds from the issuance of H shares during the same period of last year.
- e. Cash received relating to other financing activities represented the issuance of ultra-short term financing bonds amounting to RMB300 million during the Reporting Period.
- f. Cash payments relating to other financing activities was mainly due to the payment of fees for issuance of ultra-short term financing bonds amounting to RMB300 million.

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

Not applicable

### 3.3 Performance of undertakings of the Company and shareholders holding over 5 % shares of the Company

| Background of undertakings | Type of undertakings  | Undertaking party                    | Content of undertakings  | Time and term of the undertakings  | Has performance period or not | Fulfill in a timely and strict manner or not |
|----------------------------|-----------------------|--------------------------------------|--|--|-------------------------------|--|
| Other undertakings         | Dividend distribution | Fuyao Glass Industry Group Co., Ltd. | <p>The dividend distribution plan for the equity holders of the Company for the next three years (2015-2017) is as follows: 1. Method of profit distribution: Subject to relevant laws, regulations, normative documents, Articles of Association and relevant provisions and conditions under this plan, and on the premise that the consistency and stability of the profit distribution policy are guaranteed, the Company may distribute dividends in cash, in shares, in a combination of both cash and shares or otherwise as permitted by laws and regulations. The profit distribution shall not exceed the accumulative distributable profit without prejudice to the Company's ability of continuing operation. Among these distribution methods, preference will be given to cash dividend as compared to share dividend. Wherever the Company qualifies to distribute cash dividend, the cash dividend shall be adopted for profit distribution. If the Company decides to distribute profit by way of share dividend, such real and reasonable factors as the Company's growth and dilution of net asset value per shares shall be taken into consideration. 2. Frequency of profit distribution: On the premise that the Company records profit for the year with positive accumulative profit undistributed, it shall make profit distribution at least once a year. The Company can also declare interim cash dividend. In the next three years, the Board can propose to declare interim dividend according to the current profit rate, condition of cash flow, development stage and capital needs. 3. The specific conditions of cash dividend and the minimum ratio of cash dividend: Under the precondition that the Company can maintain continuing operation and long-term development, if the Company has no such matters as major investment plans or major cash expenditures (other than investment projects funded with proceeds from fund raising), the Company shall, on the premise that the Company records profit for the year with positive accumulative profit undistributed, distribute dividend in cash and the profit of the Company distributed in cash shall be no less than 20% of the distributable profit achieved during that year. The specific dividend ratio for each year shall be proposed by the Board according to the annual profit performance and the future capital use plan of the Company. 4. Specific conditions under which shares will be issued in lieu of dividends: Where the Company's business is in a sound condition and the Board considers that the earning per share, stock price and net asset value per share of the Company do not reflect its share capital size, the Company may propose dividend distribution in shares, provided that the above conditions of dividend distribution in cash are fully satisfied. When determining the specific amount of profit distribution in shares, full consideration shall be given to whether the total share capital upon distribution of dividend in share matches with the current operation size, profit growth and dilution of net asset value per share of the Company while the influence on cost of future debt financing shall be taken into consideration to ensure the profit distribution plan in compliance with the overall interest and long-term benefit of the shareholders as a whole. 5. Differential cash dividend policy: the Board of the Company shall take into comprehensive consideration on such factors as the characteristics and development stage of the industry where the Company operates its business, its operational model, earnings level and the existence of major capital expenditure arrangements, to classify the followings and propose differential cash dividend policy according to the procedures stipulated in the Articles of Association: (1) where the Company is at developed stage without any major capital expenditure arrangement, the minimum ratio taken by cash dividend in the profit distribution shall be 80% when distributing profit; (2) where the Company is at developed stage with major capital expenditure arrangement, the minimum ratio taken by cash dividend in the profit distribution shall be 40% when distributing profit; (3) where the Company is at developing stage with major capital expenditure arrangement, the minimum ratio taken by cash dividend in the profit distribution shall be 20% when distributing profit; where it is hard to classify the development stage of the Company and there is any major capital expenditure arrangement, the Company may deal with the profit distribution according to the former item. 6. If the Company recorded profit in the previous financial year but the Board of the Company did not propose any cash dividend plan at the end of the previous financial year, the Company shall consult with its independent directors and disclose reasons for not to propose cash dividend plan and the purpose of reserving such capital which has not been used for dividend distribution in the periodic report. Independent directors shall express independent opinions and disclose the same publicly. 7. Formulation and implementation of profit distribution plan: at the end of each financial year, the Board of the Company shall propose a profit distribution plan and submit to the general meeting for consideration. The profit distribution plan of the Company on which the Company welcomes any suggestion from shareholders, independent directors and the supervisory committee, is under the supervision of the shareholders, independent directors and the supervisory committee. After the profit distribution plan is resolved at the general meeting of the Company, the Board shall complete the distribution of dividend (or share) within two months after convening the general meeting.</p> | Publishing date of undertakings: March 12, 2015, Performance period of undertakings: between January 1, 2015 and December 31, 2017 | Yes                           | Yes  |

According to relevant disclosure in the section headed “Substantial Shareholders” of the prospectus published by the Company on March 19, 2015 in relation to the listing of the H Shares, Fujian Yaohua Industrial Village Development Co., Ltd. (福建省耀華工業村開發有限公司) (“**Yaohua**”) and Ms. Chan Fung Ying (“**Ms. Chan**”) undertook that Yaohua and Ms. Chan would jointly make donation of any notional gain to the Company within 15 business days after the lock-up expiry date, being the end day of the 12 months from the H share listing of the Company, that is March 31, 2016 (the “**Lock-up Expiry Date**”), from the acquisition of an additional 10,047,792 A Shares (the “**Subject Shares**”) of the Company at an average price of RMB14.916 per A Share on March 2, 2015 in compliance with any lock-up requirements as stipulated in the PRC’s securities laws, rules and regulations. Specific calculation formula is as follows: total amount to be donated to the Company = (the average closing price of the A Shares as traded on the Shanghai Stock Exchange for the five trading days immediately preceding the Lock-up Expiry Date (the “**Average Closing Price Per Share**”) – RMB14.916) x 10,047,792 Shares. If the Average Closing Price Per Share is lower than RMB14.916 per Share, then the total amount to be donated to the Company by Yaohua and Ms. Chan would be zero. Notional gain to be donated would not require Yaohua and Ms. Chan to dispose the Subject Shares. As the Average Closing Price Per Share is RMB14.724 per Share, which was lower than RMB14.916 per Share, Yaohua and Ms. Chan are not required to donate to the Company any notional gain obtained through the Subject Shares.

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

Not applicable

|                      |                                      |
|----------------------|--------------------------------------|
| Name of the Company  | Fuyao Glass Industry Group Co., Ltd. |
| Legal representative | Cho Tak Wong                         |
| Date                 | April 18, 2016                       |

## IV. APPENDIX

### 4.1 Financial statements

#### Consolidated Balance Sheet

March 31, 2016

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

Unit: Yuan Currency: RMB Audit Type: Unaudited

| Items   | Closing balance              | Opening balance              |
|---|------------------------------|------------------------------|
| <b>Current assets:</b>                                |                              |                              |
| Cash at bank and on hand                              | <b>6,532,324,432</b>         | 5,918,845,168                |
| Settlement provisions                                 |                              |                              |
| Placement   |                              |                              |
| Financial assets at fair value through profit or loss | <b>120,660</b>               |                              |
| Derivative financial assets                           |                              |                              |
| Notes receivable                                      | <b>806,588,027</b>           | 569,748,367                  |
| Accounts receivable                                   | <b>2,631,031,956</b>         | 2,762,405,078                |
| Advances to suppliers                                 | <b>187,459,352</b>           | 178,812,459                  |
| Premiums receivable                                   |                              |                              |
| Reinsurance receivable                                |                              |                              |
| Deposits receivable from reinsurance treaty           |                              |                              |
| Interest receivable                                   |                              |                              |
| Dividends receivable                                  |                              |                              |
| Other receivables                                     | <b>122,913,164</b>           | 86,561,210                   |
| Financial assets purchased for resale                 |                              |                              |
| Inventories   | <b>2,734,043,343</b>         | 2,494,920,809                |
| Assets of disposal groups classified as held-for-sale | <b>273,220,507</b>           | 320,467,619                  |
| Current portion of non-current assets                 | <b>13,665,857</b>            | 14,065,004                   |
| Other current assets                                  | <b>183,661,626</b>           | 186,051,895                  |
| <b>Total current assets</b>                           | <b><u>13,485,028,924</u></b> | <b><u>12,531,877,609</u></b> |

| <b>Items</b>                        | <b>Closing balance</b>       | Opening balance       |
|-------------------------------------|------------------------------|-----------------------|
| <b>Non-current assets:</b>          |                              |                       |
| Loans and advances                  |                              |                       |
| Available-for-sale financial assets |                              |                       |
| Held-to-maturity investments        |                              |                       |
| Long-term receivables               |                              |                       |
| Long-term equity investments        | <b>47,539,087</b>            | 46,449,341            |
| Investment properties               |                              |                       |
| Fixed assets                        | <b>7,962,456,349</b>         | 7,688,519,842         |
| Construction in progress            | <b>3,156,069,012</b>         | 2,842,566,308         |
| Construction materials              |                              |                       |
| Fixed assets pending for disposal   |                              |                       |
| Bearer biological assets            |                              |                       |
| Oil and gas assets                  |                              |                       |
| Intangible assets                   | <b>1,184,131,368</b>         | 1,179,236,213         |
| Development costs                   |                              |                       |
| Goodwill                            | <b>74,678,326</b>            | 74,678,326            |
| Long-term prepaid expenses          | <b>274,437,986</b>           | 258,995,035           |
| Deferred tax assets                 | <b>213,476,498</b>           | 204,648,718           |
| Other non-current assets            |                              |                       |
|                                     | -----                        | -----                 |
| <b>Total non-current assets</b>     | <b><u>12,912,788,626</u></b> | <u>12,295,093,783</u> |
| <b>Total assets</b>                 | <b><u>26,397,817,550</u></b> | <u>24,826,971,392</u> |

| <b>Items</b>   | <b>Closing balance</b> | Opening balance |
|--|------------------------|-----------------|
| <b>Current liabilities:</b>                                |                        |                 |
| Short-term borrowings                                      | <b>3,291,048,540</b>   | 2,636,462,068   |
| Borrowings from the central bank                           |                        |                 |
| Customer and interbank deposits                            |                        |                 |
| Borrowing from interbank                                   |                        |                 |
| Financial liabilities at fair value through profit or loss | <b>3,072,104</b>       | 925,435         |
| Derivative financial liabilities                           |                        |                 |
| Notes payable  | <b>522,606,282</b>     | 460,160,232     |
| Accounts payable   | <b>976,551,922</b>     | 909,111,745     |
| Advances from customers                                    | <b>30,720,471</b>      | 33,985,494      |
| Amount from sales of repurchased financial assets          |                        |                 |
| Bank charges and commissions due                           |                        |                 |
| Employee benefits payable                                  | <b>189,895,481</b>     | 353,759,783     |
| Taxes payable  | <b>336,844,924</b>     | 335,339,211     |
| Interest payable   | <b>25,424,687</b>      | 22,642,760      |
| Dividends Payable  |                        |                 |
| Other payables   | <b>1,140,994,898</b>   | 1,087,807,096   |
| Reinsurance account payable                                |                        |                 |
| Provisions for insurance contracts                         |                        |                 |
| Customer deposits for trading in securities                |                        |                 |
| Amounts due to issuer for securities underwriting          |                        |                 |
| Liabilities of disposal groups classified as held-for-sale | <b>10,546,049</b>      | 9,551,912       |
| Current portion of non-current liabilities                 | <b>1,234,897,350</b>   | 1,234,589,400   |
| Other current liabilities                                  | <b>299,469,069</b>     |                 |
| <b>Total current liabilities</b>                           | <b>8,062,071,777</b>   | 7,084,335,136   |
| <b>Non-current liabilities:</b>                            |                        |                 |
| Long-term borrowings                                       | <b>848,000,000</b>     | 848,000,000     |
| Debentures payables  |                        |                 |
| Including: Preference shares                               |                        |                 |
| Perpetual liabilities                                      |                        |                 |
| Long-term payables   |                        |                 |
| Long-term salaries payable                                 |                        |                 |
| Payables for specific projects                             |                        |                 |
| Provisions   |                        |                 |
| Deferred income  | <b>383,922,132</b>     | 386,986,443     |
| Deferred tax liabilities                                   | <b>91,083,460</b>      | 92,583,381      |
| Other non-current liabilities                              |                        |                 |
| <b>Total non-current liabilities</b>                       | <b>1,323,005,592</b>   | 1,327,569,824   |
| <b>Total liabilities</b>                                   | <b>9,385,077,369</b>   | 8,411,904,960   |



## Balance Sheet of the Company

March 31, 2016

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

Unit: Yuan Currency: RMB Audit Type: Unaudited

| Items   | Closing balance              | Opening balance              |
|---|------------------------------|------------------------------|
| <b>Current assets:</b>                                |                              |                              |
| Cash at bank and on hand                              | <b>6,139,937,903</b>         | 5,809,618,357                |
| Financial assets at fair value through profit or loss |                              |                              |
| Derivative financial assets                           |                              |                              |
| Notes receivable                                      | <b>718,526,440</b>           | 493,126,974                  |
| Accounts receivable                                   | <b>552,740,688</b>           | 366,023,268                  |
| Advances to suppliers                                 | <b>27,959,601</b>            | 34,202,453                   |
| Interest receivable                                   |                              |                              |
| Dividends receivable                                  | <b>1,821,865,085</b>         | 92,000,633                   |
| Other receivables                                     | <b>7,073,458,196</b>         | 6,277,685,420                |
| Inventories   | <b>447,845,351</b>           | 519,827,284                  |
| Assets of disposal groups classified as held-for-sale | <b>280,000,000</b>           | 280,000,000                  |
| Current portion of non-current assets                 | <b>741,428</b>               | 529,847                      |
| Other current assets                                  | <b>25,489,977</b>            | 20,195,349                   |
| <b>Total current assets</b>                           | <b><u>17,088,564,669</u></b> | <b><u>13,893,209,585</u></b> |

| <b>Items</b>                        | <b>Closing balance</b>       | Opening balance              |
|-------------------------------------|------------------------------|------------------------------|
| <b>Non-current assets:</b>          |                              |                              |
| Available-for-sale financial assets |                              |                              |
| Held-to-maturity investments        |                              |                              |
| Long-term receivables               | <b>144,730,880</b>           | 380,242,480                  |
| Long-term equity investments        | <b>5,356,858,232</b>         | 5,155,115,571                |
| Investment properties               |                              |                              |
| Fixed assets                        | <b>711,199,384</b>           | 733,180,369                  |
| Construction in progress            | <b>10,905,522</b>            | 17,047,132                   |
| Construction materials              |                              |                              |
| Fixed assets pending for disposal   |                              |                              |
| Bearer biological assets            |                              |                              |
| Oil and gas assets                  |                              |                              |
| Intangible assets                   | <b>59,856,902</b>            | 62,233,769                   |
| Development costs                   |                              |                              |
| Goodwill                            | <b>48,490,007</b>            | 48,490,007                   |
| Long-term prepaid expenses          | <b>17,802,985</b>            | 16,155,873                   |
| Deferred tax assets                 | <b>6,690,539</b>             | 9,474,509                    |
| Other non-current assets            |                              |                              |
|                                     | -----                        | -----                        |
| <b>Total non-current assets</b>     | <b><u>6,356,534,451</u></b>  | <b><u>6,421,939,710</u></b>  |
| <b>TOTAL ASSETS</b>                 | <b><u>23,445,099,120</u></b> | <b><u>20,315,149,295</u></b> |

| <b>Items</b>  | <b>Closing balance</b>      | Opening balance             |
|---|-----------------------------|-----------------------------|
| <b>Current liabilities:</b>                                   |                             |                             |
| Short-term borrowings   | <b>303,942,400</b>          | 248,831,068                 |
| Financial liabilities at fair value through<br>profit or loss | <b>450,000</b>              | 775,290                     |
| Derivative financial liabilities                              |                             |                             |
| Notes payable   | <b>1,616,733,936</b>        | 1,378,159,656               |
| Accounts payable  | <b>181,733,815</b>          | 148,644,790                 |
| Advances from customers                                       | <b>178,288,496</b>          | 214,568,954                 |
| Employee benefits payable                                     | <b>35,704,314</b>           | 92,507,010                  |
| Taxes payable   | <b>88,759,826</b>           | 114,678,332                 |
| Interest payable  | <b>22,987,978</b>           | 16,728,166                  |
| Dividends payable   |                             |                             |
| Other payables  | <b>4,354,316,437</b>        | 3,445,367,180               |
| Liabilities of disposal group classified as<br>held-for-sale  |                             |                             |
| Current portion of non-current liabilities                    | <b>1,034,897,350</b>        | 1,034,589,400               |
| Other current liabilities                                     | <b>299,469,069</b>          | _____                       |
| <b>Total current liabilities</b>                              | <b><u>8,117,283,621</u></b> | <b><u>6,694,849,846</u></b> |
| <b>Non-current liabilities:</b>                               |                             |                             |
| Long-term borrowings  | <b>848,000,000</b>          | 848,000,000                 |
| Debentures payables   |                             |                             |
| Including: Preference shares                                  |                             |                             |
| Perpetual liabilities   |                             |                             |
| Long-term payables  |                             |                             |
| Long-term salaries payable                                    |                             |                             |
| Payables for specific prefects                                |                             |                             |
| Provisions  |                             |                             |
| Deferred income   | <b>9,624,271</b>            | 10,009,242                  |
| Deferred tax liabilities                                      | <b>32,322,416</b>           | 32,322,416                  |
| Other non-current liabilities                                 | _____                       | _____                       |
| <b>Total non-current liabilities</b>                          | <b><u>889,946,687</u></b>   | <b><u>890,331,658</u></b>   |
| <b>Total liabilities</b>                                      | <b><u>9,007,230,308</u></b> | <b><u>7,585,181,504</u></b> |

| <b>Items</b>                                | <b>Closing balance</b> | <b>Opening balance</b> |
|---|------------------------|------------------------|
| <b>Owners' equity:</b>                      |                        |                        |
| Share capital                               | <b>2,508,617,532</b>   | 2,508,617,532          |
| Other equity instruments                    |                        |                        |
| Including: Preference shares                |                        |                        |
| Perpetual liabilities                       |                        |                        |
| Capital surplus                             | <b>6,202,552,740</b>   | 6,202,552,740          |
| Less: inventory shares                      |                        |                        |
| Other comprehensive income                  |                        |                        |
| Special reserve                             |                        |                        |
| Surplus reserve                             | <b>1,343,078,789</b>   | 1,343,078,789          |
| Undistributed profits                       | <b>4,383,619,751</b>   | 2,675,718,730          |
|   | <hr/>                  | <hr/>                  |
| <b>Total owners' equity</b>                 | <b>14,437,868,812</b>  | 12,729,967,791         |
|   | <hr/> <hr/>            | <hr/> <hr/>            |
| <b>TOTAL LIABILITIES AND OWNERS' EQUITY</b> | <b>23,445,099,120</b>  | 20,315,149,295         |
|   | <hr/> <hr/>            | <hr/> <hr/>            |

*Legal representative:*

**Cho Tak Wong**

*Principal in charge of  
accounting:*

**Chen Xiangming**

*Head of the Accounting  
Department:*

**Lin Xuejuan**

## Consolidated Income Statement

January to March 2016

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

Unit: Yuan Currency: RMB Audit Type: Unaudited

| Items  | Amount for the current period | Amount for the corresponding period of previous year |
|--|-------------------------------|--|
| <b>I. Total revenue</b>  | <b>3,567,039,473</b>          | 3,223,767,646  |
| Including: Operating revenue   | <b>3,567,039,473</b>          | 3,223,767,646  |
| Interest income  |                               |  |
| Premiums earned  |                               |  |
| Income from handling fees and commissions                                      |                               |  |
| <b>II. Total cost of sales</b>   | <b>2,860,666,862</b>          | 2,625,812,104  |
| Including: Cost of sales   | <b>1,991,303,838</b>          | 1,857,513,610  |
| Interest expenses  |                               |  |
| Handling fees and commissions expenses   |                               |  |
| Surrender payment  |                               |  |
| Net expenditure for compensation payment                                       |                               |  |
| Net provisions for insurance contracts   |                               |  |
| Expenditure for insurance policy dividend                                      |                               |  |
| Reinsurance cost   |                               |  |
| Taxes and surcharges   | <b>32,750,204</b>             | 26,882,667   |
| Selling and distribution expenses  | <b>285,242,655</b>            | 247,421,385  |
| General and administrative expenses  | <b>500,257,443</b>            | 417,754,637  |
| Financial expenses   | <b>49,545,355</b>             | 74,015,796   |
| Asset impairment losses  | <b>1,567,367</b>              | 2,224,009  |
| Add: Profit arising from changes in fair value (losses are represented by “-”) | <b>-1,676,009</b>             | 21,273,891   |
| Investment income (losses are represented by“-”)                               | <b>1,089,746</b>              | 10,322,770   |
| Including: Share in profit of associates and joint ventures                    | <b>1,089,746</b>              | 10,322,770   |
| Gains from foreign exchange (losses are represented by “-”)                    |                               |  |

| <b>Items</b>  | <b>Amount for<br/>the current<br/>period</b> | Amount for the<br>corresponding<br>period of<br>previous year |
|---|--|---|
| <b>III. Operating profit (losses are represented by “-”)</b>  | <b>705,786,348</b>                           | 629,552,203   |
| Add: Non-operating income   | <b>8,699,079</b>                             | 14,210,995  |
| Including: Gains on disposal of non-current<br>assets   | <b>93,623</b>                                | 377,405   |
| Less: Non-operating expenses  | <b>3,988,416</b>                             | 49,049,906  |
| Including: Losses on disposal of non-current<br>assets  | <b>3,424,351</b>                             | 3,874,917   |
| <b>IV. Total Profit (losses are represented by “-”)</b>   | <b>710,497,011</b>                           | 594,713,292   |
| Less: Income tax expenses   | <b>128,121,996</b>                           | 15,241,147  |
| <b>V. Net Profit (losses are represented by “-”)</b>  | <b>582,375,015</b>                           | 579,472,145   |
| Profit attributable to the equity holders of the<br>Company   | <b>583,071,294</b>                           | 579,367,617   |
| Minority controlling interest   | <b>-696,279</b>                              | 104,528   |
| <b>VI. Net amount of other comprehensive income after<br/>tax</b>   | <b>15,298,734</b>                            | -17,891,268   |
| Net amount of other comprehensive income after<br>tax attributable to the equity holders of the<br>Company  | <b>15,298,734</b>                            | -17,891,268   |
| (I) Other comprehensive income which will not<br>be reclassified subsequently to gain or loss   |  |   |
| 1. Changes in re-measurement of net<br>liabilities or net assets of defined<br>benefit plans  |  |   |
| 2. Shares in other comprehensive income<br>which will not be reclassified into<br>profit and loss of investee entities<br>under the equity method |  |   |

| <b>Items</b>   | <b>Amount for<br/>the current<br/>period</b> | Amount for the<br>corresponding<br>period of<br>previous year |
|--|--|---|
| (II) Other comprehensive income which will be reclassified subsequently to gain or loss  | <b>15,298,734</b>                            | -17,891,268   |
| 1. Shares in other comprehensive income which will be reclassified into profit and loss of investee entities under equity method |  |   |
| 2. Gain or loss from changes in fair value of available-for-sale financial assets  |  |   |
| 3. Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets                     |  |   |
| 4. Valid part of profit and loss from hedging cash flow  |  |   |
| 5. Difference on translation of foreign financial statements   | <b>15,298,734</b>                            | -17,891,268   |
| 6. Others  |  |   |
| Net amount of other comprehensive income after tax attributable to minority interest   |  |   |
| <b>VII. Total comprehensive income</b>   | <b>597,673,749</b>                           | 561,580,877   |
| Total comprehensive income attributable to the equity holders of the Company   | <b>598,370,028</b>                           | 561,476,349   |
| Total comprehensive income attributable to minority shareholders   | <b>-696,279</b>                              | 104,528   |
| <b>VIII. Earnings per share</b>  |  |   |
| (1) Basic earnings per share ( <i>RMB/share</i> )  | <b>0.23</b>                                  | 0.29  |
| (2) Diluted earnings per share ( <i>RMB/share</i> )  | <b>0.23</b>                                  | 0.29  |

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

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

## Income Statement of the Company

January to March 2016

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

Unit: Yuan Currency: RMB Audit Type: Unaudited

| Items   | Amount for the current period | Amount for the corresponding period of previous year |
|---|-------------------------------|--|
| <b>I. Operating revenue</b>   | <b>1,191,673,793</b>          | 1,143,950,931  |
| Less: Cost of sales   | <b>1,028,380,605</b>          | 981,099,438  |
| Taxes and sucharges   | <b>4,033,231</b>              | 5,425,723  |
| Selling and distribution expenses   | <b>56,138,315</b>             | 38,920,669   |
| General and administrative expenses   | <b>80,708,298</b>             | 72,079,756   |
| Financial expenses  | <b>41,299,868</b>             | 51,990,349   |
| Asset impairment losses   | <b>1,395,606</b>              | 2,191,986  |
| Add: Profit arising from changes in fair value<br>(losses are represented by "-") | <b>675,290</b>                | 3,527,555  |
| Investment income (losses are represented by<br>"-")                              | <b>1,730,954,198</b>          | 1,463,650,687  |
| Including: Share of profit of associates and<br>joint ventures                    | <b>1,089,746</b>              | 8,964,792  |
| <b>II. Operating profit (losses are represented by "-")</b>                       | <b>1,711,347,358</b>          | 1,459,421,252  |
| Add: Non-operating income   | <b>995,623</b>                | 1,392,238  |
| Including: Gains on disposal of non-current<br>assets                             | <b>16,548</b>                 | 5,748  |
| Less: Non-operating expenses  | <b>1,657,990</b>              | 71,119   |
| Including: Losses on disposal of non-current<br>assets                            | <b>1,649,022</b>              | 41,119   |
| <b>III. Total Profit (total losses are represented by "-")</b>                    | <b>1,710,684,991</b>          | 1,460,742,371  |
| Less: Income tax  | <b>2,783,970</b>              | 4,157,410  |
| <b>IV. Net Profit (net losses are represented by "-")</b>                         | <b>1,707,901,021</b>          | 1,456,584,961  |

| <b>Items</b>   | <b>Amount for<br/>the current<br/>period</b> | Amount for the<br>corresponding<br>period of<br>previous year |
|--|--|---|
| <b>V. Net amount of other comprehensive income after tax</b>   |  |   |
| (I) Other comprehensive income which will be reclassified subsequently to gain or loss   |  |   |
| 1. Changes in re-measurement of net liabilities or net assets of defined benefit plans   |  |   |
| 2. Shares in other comprehensive income which will not be reclassified into profit and loss of investee entities under the equity method |  |   |
| (II) Other comprehensive income which will be reclassified subsequently to gain or loss  |  |   |
| 1. Shares in other comprehensive income which will be reclassified into profit and loss of investee entities under the equity method     |  |   |
| 2. Gain or loss from changes in fair value of available-for-sale financial assets  |  |   |
| 3. Gain or loss from reclassification of held-to-maturity investments as available-for-sale  |  |   |
| 4. Valid part of profit and loss from hedging cash flow  |  |   |
| 5. Difference on translation in foreign financial statements   |  |   |
| 6. Others  |  |   |
| <b>VI. Total comprehensive income</b>  | <b>1,707,901,021</b>                         | 1,456,584,961   |
| <b>VII. Earnings per share:</b>  |  |   |
| (1) Basic earnings per share ( <i>RMB/share</i> )  | N/A  | N/A   |
| (2) Diluted earnings per share ( <i>RMB/share</i> )  | N/A  | N/A   |
| <i>Legal representative:</i>   | <i>Principal in charge of accounting:</i>    | <i>Head of the Accounting Department:</i>                     |
| <b>Cho Tak Wong</b>  | <b>Chen Xiangming</b>                        | <b>Lin Xuejuan</b>  |

## Consolidated Cash Flow Statement

January to March 2016

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

Unit: Yuan Currency: RMB Audit Type: Unaudited

| Items   | Amount for<br>the current<br>period | Amount for the<br>corresponding<br>period of<br>previous year |
|---|-------------------------------------|---|
| <b>I. Cash flows from operating activities:</b>   |                                     |   |
| Cash received from sale of goods or rendering<br>of services  | <b>3,826,823,060</b>                | 3,383,555,062   |
| Net increase in customer and interbank<br>deposits  |                                     |   |
| Net increase in borrowing from the central<br>bank  |                                     |   |
| Net cash increase in intra-bank borrowing<br>from other financial institutions  |                                     |   |
| Cash received from premiums under original<br>insurance contract  |                                     |   |
| Net cash received from reinsurance business   |                                     |   |
| Net increase in deposits of policy holders and<br>investment  |                                     |   |
| Net increase in disposal of financial assets at<br>fair value and its changes are calculated into<br>profit or loss in the current period |                                     |   |
| Cash received from interest, fees and<br>commissions  |                                     |   |
| Net increase in borrowings  |                                     |   |
| Net increase in cash received from repurchase<br>business   |                                     |   |
| Refund of taxes and surcharges  | <b>36,231,893</b>                   | 34,025,162  |
| Cash received relating to other operating<br>activities   | <b>22,102,132</b>                   | 17,745,471  |
| <b>Sub-total of cash inflows from operating<br/>activities</b>  | <b><u>3,885,157,085</u></b>         | <b><u>3,435,325,695</u></b>                                   |

| <b>Items</b>   | <b>Amount for<br/>the current<br/>period</b> | Amount for the<br>corresponding<br>period of<br>previous year |
|--|--|---|
| Cash paid for goods and services   | <b>2,045,989,694</b>                         | 2,142,192,071   |
| Net increase in customer loans and advance   |  |   |
| Net increase in deposits in the central bank<br>and interbank deposits                           |  |   |
| Cash paid for compensation payments under<br>original insurance contract                         |  |   |
| Cash paid for interest, fees and commissions   |  |   |
| Cash paid for insurance policy dividend  |  |   |
| Cash paid to and on behalf of employees  | <b>764,501,615</b>                           | 602,269,207   |
| Payments of taxes and surcharges   | <b>438,049,952</b>                           | 349,001,641   |
| Cash paid relating to other operating activities   | <b>41,596,480</b>                            | 76,622,921  |
| <b>Sub-total of cash outflows from operating<br/>activities</b>                                  | <b><u>3,290,137,741</u></b>                  | <b><u>3,170,085,840</u></b>                                   |
| <b>Net cash flows from operating activities</b>  | <b><u>595,019,344</u></b>                    | <b><u>265,239,855</u></b>                                     |
| <b>II. Cash flows from investing activities:</b>   |  |   |
| Cash received from disposal of investments   |  |   |
| Cash received from returns on investments  |  |   |
| Net cash received from disposal of fixed assets,<br>intangible assets and other long-term assets | <b>10,436,645</b>                            | 13,611,660  |
| Net cash received from disposal of subsidiaries<br>and other business units                      |  |   |
| Cash received relating to other investing<br>activities  | <b>1,000,000</b>                             |   |
| <b>Sub-total of cash inflows from investing<br/>activities</b>                                   | <b><u>11,436,645</u></b>                     | <b><u>13,611,660</u></b>                                      |

| <b>Items</b>   | <b>Amount for<br/>the current<br/>period</b> | Amount for the<br>corresponding<br>period of<br>previous year |
|--|--|---|
| Cash paid to acquire fixed assets, intangible<br>assets and other long-term assets                 | <b>887,488,998</b>                           | 527,249,588   |
| Cash paid to acquire investments   |  |   |
| Net increase in secured loans  |  |   |
| Net cash paid to acquire subsidiaries and other<br>business units                                  |  |   |
| Cash paid relating to other investing activities   |  |   |
| <b>Sub-total of cash outflows from investing<br/>activities</b>                                    | <b><u>887,488,998</u></b>                    | <b><u>527,249,588</u></b>                                     |
| <b>Net cash flows from investing activities</b>  | <b><u>-876,052,353</u></b>                   | <b><u>-513,637,928</u></b>                                    |
| <b>III. Cash flows from financing activities:</b>  |  |   |
| Cash received from capital contributions   |  | 5,701,401,641   |
| Including: Cash received from capital<br>contributions by minority<br>shareholders of subsidiaries |  |   |
| Cash received from borrowings  | <b>1,624,436,869</b>                         | 1,790,040,946   |
| Cash received from issuance of debentures  |  |   |
| Cash received relating to other financing<br>activities  | <b><u>300,000,000</u></b>                    |   |
| <b>Sub-total of cash inflows from financing<br/>activities</b>                                     | <b><u>1,924,436,869</u></b>                  | <b><u>7,491,442,587</u></b>                                   |

| <b>Items</b>  | <b>Amount for<br/>the current<br/>period</b>                           | Amount for the<br>corresponding<br>period of<br>previous year       |
|---|--|---|
| Cash repayments of borrowings   | <b>969,850,397</b>   | 1,001,153,942   |
| Cash payments for interest expenses and<br>distribution of dividends or profits                 | <b>28,141,295</b>  | 37,811,237  |
| Including: Cash payments for dividends or<br>profit to minority shareholders of<br>subsidiaries |  |   |
| Cash payment relating to other financing<br>activities  | <b>1,135,849</b>   | 4,770,682   |
| <b>Sub-total of cash outflows from financing<br/>activities</b>                                 | <b><u>999,127,541</u></b>  | <b><u>1,043,735,861</u></b>   |
| <b>Net cash flows from financing activities</b>   | <b><u>925,309,328</u></b>  | <b><u>6,447,706,726</u></b>   |
| <b>IV. Effect of foreign exchange rate changes on<br/>cash and cash equivalents</b>             | <b>-27,653,747</b>   |   |
| <b>V. Net increase in cash and cash equivalents</b>   | <b>616,622,572</b>   | 6,199,308,653   |
| Add: Cash and cash equivalents at beginning<br>of year  | <b>5,906,233,126</b>   | 499,324,930   |
| <b>VI. Cash and cash equivalents at end of year</b>   | <b><u>6,522,855,698</u></b>  | <b><u>6,698,633,583</u></b>   |
| <i>Legal representative:</i><br><b>Cho Tak Wong</b>   | <i>Principal in charge of<br/>accounting:</i><br><b>Chen Xiangming</b> | <i>Head of the Accounting<br/>Department:</i><br><b>Lin Xuejuan</b> |

**Cash Flow Statement of the Company**  
*January to March 2016*

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

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

| <b>Items</b>  | <b>Amount for<br/>the current<br/>period</b> | Amount for the<br>corresponding<br>period of<br>previous year |
|---|--|---|
| <b>I. Cash flows from operating activities:</b>             |  |   |
| Cash received from sales of goods and rendering of services | <b>826,561,532</b>                           | 1,185,165,136   |
| Refund of taxes and surcharges                              | <b>27,263,742</b>                            | 26,642,700  |
| Cash received relating to other operating activities        | <b>220,216,897</b>                           | 4,611,031   |
| <b>Sub-total of cash inflows from operating activities</b>  | <b><u>1,074,042,171</u></b>                  | <b><u>1,216,418,867</u></b>                                   |
| Cash paid for goods and services                            | <b>822,355,700</b>                           | 919,049,297   |
| Cash paid to and on behalf of employees                     | <b>129,403,034</b>                           | 107,020,283   |
| Payments of taxes and surcharges                            | <b>33,065,128</b>                            | 5,717,606   |
| Cash paid relating to other operating activities            | <b>62,643,203</b>                            | 923,162,214   |
| <b>Sub-total of cash outflows from operating activities</b> | <b><u>1,047,467,065</u></b>                  | <b><u>1,954,949,400</u></b>                                   |
| <b>Net cash flows from operating activities</b>             | <b><u>26,575,106</u></b>                     | <b><u>-738,530,533</u></b>                                    |

| <b>Items</b>  | <b>Amount for<br/>the current<br/>period</b> | Amount for the<br>corresponding<br>period of<br>previous year |
|---|--|---|
| <b>II. Cash flows from investing activities:</b>  |  |   |
| Cash received from disposal of investments  |  | 1,143,780,485   |
| Cash received from returns on investments   |  |   |
| Net cash received from the disposal of fixed<br>assets, intangible assets and other long-term<br>assets | <b>232,532</b>                               | 7,613   |
| Net cash received from disposal of subsidiaries<br>and other operating units                            |  |   |
| Cash received relating to other investing<br>activities   |  |   |
| <b>Sub-total of cash inflows from investing<br/>activities</b>  | <b>232,532</b>                               | <b>1,143,788,098</b>  |
| Cash paid to acquire fixed assets, intangible<br>assets and other long-term assets                      | <b>11,599,265</b>                            | 6,814,384   |
| Cash paid to acquire investments  |  | 195,345,668   |
| Net cash paid to acquire subsidiaries and other<br>business units                                       |  |   |
| Cash paid relating to other investing activities  |  |   |
| <b>Sub-total of cash outflows from investing<br/>activities</b>   | <b>11,599,265</b>                            | <b>202,160,052</b>  |
| <b>Net cash flows from investing activities</b>   | <b>-11,366,733</b>                           | <b>941,628,046</b>  |

| <b>Items</b>  | <b>Amount for<br/>the current<br/>period</b> | Amount for the<br>corresponding<br>period of<br>previous year |
|---|--|---|
| <b>III. Cash flows from financing activities:</b>                               |  |   |
| Cash received from capital contribution   |  | 5,701,401,641   |
| Cash received from borrowings   | <b>274,014,729</b>                           | 1,112,263,618   |
| Cash received relating to other financing activities                            | <b>300,000,000</b>                           | <u>                    </u>                                   |
| <b>Sub-total of cash inflows from financing activities</b>                      | <b><u>574,014,729</u></b>                    | <b><u>6,813,665,259</u></b>                                   |
| Cash repayments of borrowings   | <b>218,903,397</b>                           | 802,883,942   |
| Cash payments for interest expense and distribution of dividends or profits     | <b>10,742,167</b>                            | 26,459,828  |
| Cash payments relating to other financing activities                            | <b>1,135,849</b>                             | <u>4,770,682</u>  |
| <b>Sub-total of cash outflows from financing activities</b>                     | <b><u>230,781,413</u></b>                    | <b><u>834,114,452</u></b>                                     |
| <b>Net cash flows from financing activities</b>                                 | <b><u>343,233,316</u></b>                    | <b><u>5,979,550,807</u></b>                                   |
| <b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b> | <b>-28,122,143</b>                           |   |
| <b>V. Net increase in cash and cash equivalents</b>                             | <b>330,319,546</b>                           | 6,182,648,320   |
| Add: Balance of cash and cash equivalents at beginning of year                  | <b>5,809,618,357</b>                         | 288,829,838   |
| <b>VI. Balance of cash and cash equivalents at end of year</b>                  | <b><u>6,139,937,903</u></b>                  | <b><u>6,471,478,158</u></b>                                   |
| <i>Legal representative:</i>  | <i>Principal in charge of accounting:</i>    | <i>Head of the Accounting Department:</i>                     |
| <b>Cho Tak Wong</b>   | <b>Chen Xiangming</b>                        | <b>Lin Xuejuan</b>  |

## 4.2 Audit Report

Not applicable