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

Non-recurring profit and loss items and amounts

Unit: Yuan Currency: RMB

Items	Amount for the current period	Description
Profit and loss from disposal of non-current assets	-3,330,728	
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)	6,353,595	
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	-2,015,335	

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

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

Unit: 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 <i>(Note)</i>	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. At the end of the Reporting Period, the significant and material change in Balance Sheet Item of the Company

Unit: Yuan Currency: RMB

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

Unit: Yuan Currency: RMB

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

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the comparable period	Increase/decrease	Percentage of increase/decrease
Cash paid relating to other operating activities	41,596,480	76,622,921	-35,026,441	-45.71%
Cash received relating to other investment activities	1,000,000	-	1,000,000	100.00%
Cash paid to acquire fixed assets, intangible assets and other long-term assets	887,488,998	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	300,000,000	-	300,000,000	100.00%
Cash payments relating to other financing activities	1,135,849	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
Current assets:		
Cash at bank and on hand	6,532,324,432	5,918,845,168
Settlement provisions		
Placement		
Financial assets at fair value through profit or loss	120,660	
Derivative financial assets		
Notes receivable	806,588,027	569,748,367
Accounts receivable	2,631,031,956	2,762,405,078
Advances to suppliers	187,459,352	178,812,459
Premiums receivable		
Reinsurance receivable		
Deposits receivable from reinsurance treaty		
Interest receivable		
Dividends receivable		
Other receivables	122,913,164	86,561,210
Financial assets purchased for resale		
Inventories	2,734,043,343	2,494,920,809
Assets of disposal groups classified as held-for-sale	273,220,507	320,467,619
Current portion of non-current assets	13,665,857	14,065,004
Other current assets	183,661,626	186,051,895
Total current assets	<u>13,485,028,924</u>	<u>12,531,877,609</u>

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

Items	Closing balance	Opening balance
Current liabilities:		
Short-term borrowings	3,291,048,540	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	3,072,104	925,435
Derivative financial liabilities		
Notes payable	522,606,282	460,160,232
Accounts payable	976,551,922	909,111,745
Advances from customers	30,720,471	33,985,494
Amount from sales of repurchased financial assets		
Bank charges and commissions due		
Employee benefits payable	189,895,481	353,759,783
Taxes payable	336,844,924	335,339,211
Interest payable	25,424,687	22,642,760
Dividends Payable		
Other payables	1,140,994,898	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	10,546,049	9,551,912
Current portion of non-current liabilities	1,234,897,350	1,234,589,400
Other current liabilities	299,469,069	
Total current liabilities	8,062,071,777	7,084,335,136
Non-current liabilities:		
Long-term borrowings	848,000,000	848,000,000
Debentures payables		
Including: Preference shares		
Perpetual liabilities		
Long-term payables		
Long-term salaries payable		
Payables for specific projects		
Provisions		
Deferred income	383,922,132	386,986,443
Deferred tax liabilities	91,083,460	92,583,381
Other non-current liabilities		
Total non-current liabilities	1,323,005,592	1,327,569,824
Total liabilities	9,385,077,369	8,411,904,960

Items	Closing balance	Opening balance
Owners' equity:		
Share capital	2,508,617,532	2,508,617,532
Other equity instruments		
Including: Preference shares		
Perpetual liabilities		
Capital surplus	6,228,932,452	6,228,932,452
Less: inventory shares		
Other comprehensive income	-256,068,447	-271,367,181
Special reserve		
Surplus reserve	1,343,078,789	1,343,078,789
General risk reserve		
Undistributed profits	<u>7,182,437,087</u>	<u>6,599,365,793</u>
Total equity attributable to equity holders of the Company	<u><u>17,006,997,413</u></u>	<u><u>16,408,627,385</u></u>
Minority interest	<u>5,742,768</u>	<u>6,439,047</u>
Total owners' equity	<u><u>17,012,740,181</u></u>	<u><u>16,415,066,432</u></u>
TOTAL LIABILITIES AND OWNERS' EQUITY	<u><u>26,397,817,550</u></u>	<u><u>24,826,971,392</u></u>

Legal representative:

Cho Tak Wong

*Principal in charge of
accounting:*

Chen Xiangming

*Head of the Accounting
Department:*

Lin Xuejuan

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

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

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

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

<i>Legal representative:</i>	<i>Principal in charge of</i>	<i>Head of the Accounting</i>
	<i>accounting:</i>	<i>Department:</i>
Cho Tak Wong	Chen Xiangming	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
I. Total revenue	3,567,039,473	3,223,767,646
Including: Operating revenue	3,567,039,473	3,223,767,646
Interest income		
Premiums earned		
Income from handling fees and commissions		
II. Total cost of sales	2,860,666,862	2,625,812,104
Including: Cost of sales	1,991,303,838	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	32,750,204	26,882,667
Selling and distribution expenses	285,242,655	247,421,385
General and administrative expenses	500,257,443	417,754,637
Financial expenses	49,545,355	74,015,796
Asset impairment losses	1,567,367	2,224,009
Add: Profit arising from changes in fair value (losses are represented by “-”)	-1,676,009	21,273,891
Investment income (losses are represented by“-”)	1,089,746	10,322,770
Including: Share in profit of associates and joint ventures	1,089,746	10,322,770
Gains from foreign exchange (losses are represented by “-”)		

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

Items	Amount for the current period	Amount for the corresponding period of previous year
(II) Other comprehensive income which will be reclassified subsequently to gain or loss	15,298,734	-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	15,298,734	-17,891,268
6. Others		
Net amount of other comprehensive income after tax attributable to minority interest		
VII. Total comprehensive income	597,673,749	561,580,877
Total comprehensive income attributable to the equity holders of the Company	598,370,028	561,476,349
Total comprehensive income attributable to minority shareholders	-696,279	104,528
VIII. Earnings per share		
(1) Basic earnings per share (<i>RMB/share</i>)	0.23	0.29
(2) Diluted earnings per share (<i>RMB/share</i>)	0.23	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 accounting:</i>	<i>Head of the Accounting Department:</i>
Cho Tak Wong	Chen Xiangming	Lin Xuejuan

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

Items	Amount for the current period	Amount for the corresponding period of previous year
V. Net amount of other comprehensive income after tax		
(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		
VI. Total comprehensive income	1,707,901,021	1,456,584,961
VII. Earnings per share:		
(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>
Cho Tak Wong	Chen Xiangming	Lin Xuejuan

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

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

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

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

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

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

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

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

Legal representative:

Cho Tak Wong

*Principal in charge of
accounting:*

Chen Xiangming

*Head of the Accounting
Department:*

Lin Xuejuan

4.2 Audit Report

Not applicable