

**CSG HOLDING CO., LTD.**

**SEMI-ANNUAL REPORT 2014**



**Chairman of the Board:**

**ZENG NAN**

August 2014

## Section I Important Notice, Contents and Paraphrase

Board of Directors and the Supervisory Committee of CSG Holding Co., Ltd. (hereinafter referred to as the Company) and its directors, supervisors and senior executives hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

Except for the follow directors, others are present the meeting of the Board for deliberating the semi-annual report of the Company in person.

Name of director absent	Position	Reason for absence	Name of authorized director
Yan Ganggang	Director	On business	Chen Chao

The Company has no plans of cash dividend distribution, bonus shares being sent and converting capital reserve into share capital.

Mr. Zeng Nan, Chairman of the Board, CFO Mr. Luo Youming and principle of the financial department Mr. Zhang Guoming confirm that the Financial Report enclosed in this Semi-annual Report is true and complete.

Regarding to the forward-looking statements with future planning involved in the Report, they do not constitute a substantial commitment for investors. Investors are advised to exercise caution of investment risks.

This report is prepared both in Chinese and English. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

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## Paraphrase

Items	Refers to	Contents
Company, the Company, SG or the Group	Refers to	CSG Holding Co., Ltd.
Ultra-thin electronic glass	Refers to	The electronic glass with thickness between 0.1~1.1mm
Second-generation energy-saving glass	Refers to	Double silver coated glass
Third-generation energy-saving glass	Refers to	Triple Silver coated glass

## Section II Company profile

### I. Company information

Short form for share	Southern Glass A, Southern Glass B	Code for share	000012、200012
Listing stock exchange	Shenzhen Stock Exchange		
Legal Chinese name of the Company	中国南玻集团股份有限公司		
Abbr. of legal Chinese name of the Company	南玻集团		
Legal English name of the Company	CSG Holding Co., Ltd.		
Abbr. of legal English name of the Company	CSG		
Legal Representative	Zeng Nan		

### II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Zhou Hong	Li Tao
Contacts add.	CSG Building, No.1 of the 6th Industrial Road, Shekou, Shenzhen, P. R.C.	CSG Building, No.1 of the 6th Industrial Road, Shekou, Shenzhen, P. R.C.
Tel.	(86)755-26860666	(86)755-26860666
Fax.	(86)755-26692755	(86)755-26692755
E-mail	securities@csgholding.com	securities@csgholding.com

### III. Other information

#### 1. Way of contact

Whether registrations address, offices address and post code as well as website and email of the Company changed in reporting period or not

Applicable     Not applicable

Registrations address, offices address and post code as well as website and email of the Company have no change in reporting period, found more details in Annual Report 2013.

#### 2. Information disclosure and preparation place

Whether information disclosure and preparation place changed in reporting period or not

Applicable     Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2013.

### 3. Registration changes of the Company

Whether registration has changed in reporting period or not

Applicable     Not applicable

Date/place for registration of the Company, registration number for enterprise legal license, number of taxation registration and organization code have no change in reporting period, found more details in Annual Report 2013.

## Section III Accounting data and summary of financial indexes

### I. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

Yes  No

	The report period (Jan. to Jun.2014)	The same period of last year	Increase/decrease in this report period year-on-year (%)
Operating income (RMB)	3,262,681,672	3,536,965,783	-7.75%
Net profit attributable to shareholders of the listed company(RMB)	589,210,439	353,719,746	66.58%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	242,934,925	323,142,979	-24.82%
Net cash flow arising from operating activities(RMB)	580,928,207	707,258,712	-17.86%
Basic earnings per share (RMB/Share)	0.28	0.17	64.71%
Diluted earnings per share (RMB/Share)	0.28	0.17	64.71%
Weighted average ROE (%)	7.38%	5.10%	2.28%
	End of this period	End of last year	Increase/decrease in this period-end over same period of last year-end (%)
Total assets (RMB)	14,796,960,553	15,078,866,777	-1.87%
Net assets attributable to shareholder of listed company (RMB)	8,019,143,515	8,047,894,139	-0.36%

### II. Items and amounts of extraordinary profit (gains)/loss

Applicable  Not applicable

Unit: RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-826,437	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	44,447,997	
Gains on disposal of available-for-sale financial assets, gains and losses from change of fair values of held-for-transaction financial assets and financial liabilities except for the effective hedge business related to normal business of the Company,	108,000	

and investment income from disposal of transactional financial assets and liabilities and financial assets available for sale		
Other non-operating income and expenditure except for the aforementioned items	12,061,958	
Other item that satisfied the definition of non-recurring gains and losses	308,895,397	
Less: Impact on income tax	12,081,899	
Impact on minority shareholders' equity (post-tax)	6,329,502	
Total	346,275,514	--

Explain reasons for the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*.

Applicable  Not applicable

Item	Amount involved (RMB)	Reasons
Other item that satisfied the definition of non-recurring gains and losses	308,895,397	It was mainly due to the Company sold 100% equity of Shenzhen CSG Float Glass Co., Ltd. and the added value amortization of remaining equity of Shenzhen CSG Display Technology Co., Ltd.



## Section IV Report of the Board of Directors

### I. Introduction

In the first half year of 2014, the global economies still moved forward slowly. The economic recovery was still rough due to lots of uncertain factors, though the economy of advanced economies headed by America showed a sign of slow recovery. Being influenced by many factors, such as real estate industry adjustment, structural transformation of economy, insufficient demand as well as over capacity, relevant industries in China moved downward obviously, and the market environment for entity economies became extremely severe. Confronting the ups and downs of economic environment, the Company made full use of its own advantages, responded actively to the adverse impact from market environment. Meanwhile, the Company continued to optimize mechanism of R&D innovation, enhance construction of R&D system and ability, increase input for R&D, further deepen differentiation strategies with technological innovation and management innovation, and consolidate the foundation of fine management. In the first half year of 2014, CSG implemented operating income of RMB 3,263 million and net profit of RMB 589 million (already deducted minority shareholders profit and loss), a year-on-year growth of 66.58%. After deducting non-recurring gains/losses, CSG gained net profit of RMB 243 million, among which RMB 64.96 million decreased due to shares of the fine glass held by CSG reduced and the profit of fine glass industry declined as well.

Affected by adjustment of real estate and over capacity in the first half year of 2014, float glass industry suffered a greater impact. As the price of float glass keeping downside and the cost of soda ash and gas retaining upside, the pressure on float industry became more and more intensified and the whole industry was in the state of poor performance. To cope with unfavorable market environment, flat glass division of the Company continued to reinforce cost control, energy-saving and consumption-reducing, and greatly promote the manufacture and sales of differentiated goods and high-grade products. In the first half year, flat glass division achieved revenue of RMB 1,847 million with a year-on-year growth of 3.1%, and profit of RMB 150 million with a slight decline year-on-year.

In the first half year of 2014, there was a slowdown in market demand of architectural glass due to adjustment of real estate market, meanwhile, as homogeneous competition intensified, sales and profit of conventional products were affected. Architectural glass division of the Company maintained stable through strengthening management and proactively promoting the sales of differentiate goods, such as double-silver and triple-silver products. In the first half year, architectural glass division gained revenue of RMB 1,420 million with a year-on-year growth of 15.64% and net profit of RMB 237 million with a year-on-year growth of 25.95%.

In the first half year of 2014, PV market was still in its slump under double pressure of over capacity and trade protection from Europe & America. In order to cope with severe market surrounding, the Company conducted a comprehensive transformation of polysilicon production line in order to greatly lower the production cost and improve the competitiveness of products. Polysilicon production line has entered the commercial operation so far, and achieved earnings already. In the first half year, PV industry realized revenue of RMB 405 million with deficit of RMB 2.92 million, and reduced losses of RMB 6.50 million compared with the same period of last year.

### II. Main business analysis

Year-on-year changes of main financial data

Unit: RMB

	The current	The same term	Increase /decrease	Reasons of change
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	term	of last year	year-on-year (%)	
Business income	3,262,681,672	3,536,965,783	-7.75%	Mainly because Shenzhen CSG Display was excluded in the consolidation scope of the Group due to part of the equity was sold at the end of last year
Business cost	2,438,593,004	2,514,678,053	-3.03%	Mainly because Shenzhen CSG Display was excluded in the consolidation scope of the Group due to part of the equity was sold at the end of last year
Sales expense	114,315,080	127,942,744	-10.65%	Mainly because Shenzhen CSG Display was excluded in the consolidation scope of the Group due to part of the equity was sold at the end of last year, more water transport with lower rates adopted by Dongguan Solar Energy and travelling expenses from architectural business division decreased
Administrative expense	280,194,020	264,014,052	6.13%	Mainly because expenses of R&D as well as the performance reward fund increased y-o-y and the amount of depreciation increased resulted from accounting estimation changes for fixed assets in the fourth quarter of last year.
Financial expense	109,025,628	119,638,263	-8.87%	Mainly because Shenzhen CSG Display was excluded in the consolidation scope of the Group due to part of the equity was sold at the end of last year and interest expenditure declined due to the decreasing borrowing balance.
Income tax expense	60,997,406	113,728,215	-46.37%	Mainly because Shenzhen CSG Display was excluded in the consolidation scope of the Group due to part of the equity was sold at the end of last year. In addition, part of the subsidiaries obtained high-tech enterprise certification with preferential tax rate this year.
R&D expenditure	94,805,902	78,002,898	21.54%	Increase of R&D expenditure was mainly due to more investment in R&D in this year.
Net cash flow from operating activities	580,928,207	707,258,712	-17.86%	Mainly because Shenzhen CSG Display was excluded in the consolidation scope of the Group due to part of the equity was sold at the end of last year.
Net cash flows from investing activities	-487,610,199	-903,620,816	--	Mainly because payment for equity transfer of Shenzhen Float was received in the report period.
Net cash flows from financing activities	-83,633,764	124,518,002	--	Mainly because the dividends paid increased year-on-year.
Net increase of cash and cash equivalents	10,084,575	-74,605,106	--	Mainly because the net cash out-flow arising from investment activities decreased

Major changes on profit composition or profit resources in the report period

√Applicable □ Not applicable

Mainly because the transfer procedure of 100% equity of Shenzhen CSG Float Glass Co., Ltd. had completed, and earnings of RMB 311.25 million was included in the report period.

Future development and planning extended to the report period which was published in disclosure documents such as prospectus, placement instructions and assets reorganization report

Applicable  Not applicable

There was no future development or planning extended to the report period which was published in disclosure documents such as prospectus, placement instructions and assets reorganization report.

Review on the previous business plan and its progress during the report period

During the report period, the Company launched the business plan smoothly:

① In the first half year, both sales and profit of architectural glass business achieved a year-on-year growth, and PV business also made progress in reducing deficit. In aspect of flat glass business, ultra-thin glass and solar glass earned a certain growth. However, influenced by over capacity and insufficient demand in float industry, profit from flat glass business declined year-on-year. In aspect of construction, Chengdu architectural glass expansion project advanced as planned, Dongguan online coating project officially started, and Qingyuan high-performance ultra-thin glass project started full swing. At the same time, Yichang ultra-thin glass project was completed and ignited in February 2014 and entered into trial production, and Wujiang solar glass project had entered into the stage of trial production. Technical transformation of polysilicon had been completed and entered into commercial operation.

②The Company constantly took the route of differential operation and industry upgrading relying on R&D and technology innovation, and continued to strengthen R&D system and construction of R&D ability. Totally 40 patent applications were submitted by the Company in the first half year, and 21 new patent applications were granted. As a breakthrough of traditional industry, product quality and Yield of ultra-thin glass have reached the domestic advanced level. Meanwhile, solar glass successfully trial-produced glass sheet of 2mm, and it will enhance anti-risk capability of the Company. The Company continued to promote the sales of wide flat coated glass, second-generation and third- generation energy-saving glass. The sales of second-generation energy-saving glass were over 60% in the Company's coated insulating glass. In the field of PV, production costs of polysilicon dropped significantly after technical transformation and upgrading, and therefore comprehensive anti-risk ability of PV industry improved.

③ In the first half year, the Company fully tapped the potentials of energy saving in the production process while effectively improved capacity utilization, and further strengthened integrated management of energy. PV power generation and waste heat power generation amounted to approximately 97 million degrees, reducing cost of electricity of nearly RMB 55 million.

④The Company insisted on steady financial policy and improved the efficiency of funds use. The financial risk prevention capacity in the first half year had been further consolidated. The Company's accounts receivable turnover period was 11 days, less 8 days year-on-year, and inventory turnover period was 30 days, flat year-on-year.

⑤The Company has obtained certain achievement in human resources management and internal control construction. In human resources management, the Company attached great importance to the stability of staff team, and opened channels for promoting professional and technical personnel. Meanwhile, the Company reduced human cost, improved management efficiency and work efficiency via employee downsizing. In the aspect of internal control construction, the Company constantly strengthened the implementation of internal control system through strict appraisal, and constantly perfected internal control system via analyzing and solving problems encountered during the implementation.

### III. Composition of main business

Unit: RMB

	Operating revenue	Operating cost	Gross profit ratio (%)	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y (%)	Increase/decrease of gross profit ratio y-o-y (%)

				(%)		
According to industries						
Flat glass	1,825,845,072	1,525,918,567	16.43%	2.31%	8.39%	-4.69%
Architectural glass	1,407,038,222	964,415,998	31.46%	15.27%	16.50%	-0.72%
Solar energy	397,771,248	339,993,538	14.53%	-14.23%	-15.60%	1.39%
Off-setting between divisions	-408,942,973	-411,376,355	--	--	--	--
According to products						
Flat glass	1,825,845,072	1,525,918,567	16.43%	2.31%	8.39%	-4.69%
Architectural glass	1,407,038,222	964,415,998	31.46%	15.27%	16.50%	-0.72%
Solar energy	397,771,248	339,993,538	14.53%	-14.23%	-15.60%	1.39%
Off-setting between divisions	-408,942,973	-411,376,355	--	--	--	--
According to regions						
Mainland China	2,899,041,165	2,193,112,046	24.35%	-2.25%	3.32%	-4.08%
H.K. China	34,873,594	21,621,628	38%	-77.04%	-76.49%	-1.45%
Europe	87,392,381	68,040,061	22.14%	-55.44%	-57.80%	4.35%
Asia (excluding Mainland China and H.K.)	117,272,638	80,049,856	31.74%	-4.50%	-7.32%	2.08%
North America	33,917,410	21,659,532	36.14%	58.07%	42.09%	7.18%
Australia	46,764,284	32,558,267	30.38%	38.06%	46.64%	-4.07%
Other region	2,450,097	1,910,358	22.03%	-58.46%	-54.57%	-6.68%

#### IV. Core Competitiveness Analysis

- ① The Company currently has created complete industrial chains in every industry with the advantage of industrial supplement. In glass industry, the Company has built the industry chain as quartz sand → high quality float glass → architectural energy-saving glass. In the solar energy industry, the Company has finished the comprehensive construction of industry chain from high purity polycrystalline silicon materials, silicon wafer processing to cell and modules, photovoltaic rolled glass, etc. With the improvement of technology in the chains, the industrial advantages emerged.
- ② The Company possesses a complete industry layout. At present, the Company has established large production bases in China located in North, East, West, South and Central region, which help the Company be better close to the market and serve the market.
- ③ The Company has capability of technology innovation and product innovation. It owns independent intellectual property rights of high-end float glass production process. The technology level of ultra-thin electronic glass is in the leading position in China. The Company also keeps its R&D and production of energy-saving glass in line with the world advanced level, and makes its technique and technology in the field of solar energy leading domestic market.

④The Company possesses high anti-risk capability. It has a perfect internal control system with sound performance carried out. Meanwhile, the management and control ability of account receivable and inventory stands in a high level within the industry.

⑤ CSG's core competitiveness also comes from the aggressive, innovative, professional, experienced management team and technical backbone team. Based on the perfect corporate governance structure, standardized management system and business philosophy of high-end product line and quality consciousness, the Company constantly formulates mechanism and strictly controls the operating risk, laying a solid foundation for company's rapid sustainable development.

During the reporting period, the Company's core competitiveness remains strong

## V. Investment analysis

### 1. External equity investment

#### 1. External investment

Applicable  Not applicable

external investment		
Amount invested in the report period (RMB)	Amount invested in the same period of last year (RMB)	Changes
23,000,000	23,000,000	0
Invested company		
Name	Main business	Equity proportion of listed company in invested company (%)
Guangdong Golden Glass Technologies Limited	R & D, production and sales of special glass	8.33%

### 2. Main subsidiaries and joint-stock companies

Applicable  Not applicable

Particular about main subsidiaries and joint-stock companies

Unit: RMB

Company name	Type	Industries	Main products or service	Register capital	Total assets (RMB)	Net Assets (RMB)	Operating revenue (RMB)	Operating profit (RMB)	Net profit (RMB)
Chengdu CSG Glass Co., Ltd.	Subsidiary	Manufacturing	Development, manufacture and sales of vary special glass	166,660,000	946,503,940	327,763,928	481,361,347	42,714,333	35,165,742
Hebei CSG Glass Co., Ltd.	Subsidiary	Manufacturing	Manufacture and sales of vary special float glass	USD 48,060,000	770,232,634	398,584,865	280,358,459	10,848,770	8,834,765
Wujiang CSG Glass Co., Ltd.	Subsidiary	Manufacturing	Manufacture and sales of vary special float glass	465,040,000	1,648,857,828	561,335,087	326,459,576	18,552,621	16,749,134
Xianning CSG	Subsidiary	Manufacturing	Development,	235,000,000	752,225,465	256,255,352	343,520,520	-1,782,225	12,610,252

Glass Co., Ltd.			manufacture and sales of special float glass							
Qingyuan CSG Energy Conservation New-materials Co., Ltd.	Subsidiary	Manufacturing	R&D, manufacture and sales of non-metal mineral products and materials	300,000,000	291,633,074	284,870,305	0	-4,901,598	-3,676,198	
Hebei Panel Glass Co., Ltd.	Subsidiary	Manufacturing	Manufacture and sales of varied ultra-thin electronic glass	243,000,000	377,676,627	273,146,098	76,972,021	26,355,700	26,472,054	
Yichang Nanbo Photoelectric Glass Co., Ltd.	Subsidiary	Manufacturing	R&D, manufacture and sales of varied ultra-thin electronic glass	200,000,000	411,361,553	220,442,245	1,608,439	-2,591,732	-1,941,673	
Dongguan CSG Solar Glass Co., Ltd.	Subsidiary	Manufacturing	Dongguan CSG Solar Glass Co., Ltd.	416,000,000	1,037,106,701	440,003,521	322,803,468	68,636,171	59,280,470	
Jiangyou CSG Mining Development Co., Ltd.	Subsidiary	Manufacturing	Manufacture and sales of silica sand and co-product	40,000,000	179,681,500	15,327,860	34,767,309	-3,300,070	-2,475,052	
Tianjin CSG Architectural Glass Co., Ltd.	Subsidiary	Manufacturing	Deep processing of glass	178,000,000	438,568,294	283,238,684	215,138,163	19,886,415	20,699,075	
Tianjin CSG Energy Conservation Glass Co., Ltd.	Subsidiary	Manufacturing	Development, producing and sales of energy-saving special glass	128,000,000	355,460,534	220,266,316	243,776,316	37,081,033	35,376,671	
Dongguan CSG Architectural Glass Co., Ltd.	Subsidiary	Manufacturing	Deep processing of glass	240,000,000	938,876,187	374,246,524	406,260,292	66,465,306	58,378,262	
Wujiang CSG East China Architectural Glass Co., Ltd.	Subsidiary	Manufacturing	Deep processing of glass	320,000,000	727,622,305	441,285,190	346,649,654	66,353,718	57,376,376	
Xianning CSG Energy Conservation Glass Co., Ltd.	Subsidiary	Manufacturing	Deep processing of glass	165,000,000	655,209,856	204,267,350	113,942,677	17,052,791	19,926,235	
Xianning CSG	Subsidiary	Manufacturing	Deep processing of	80,000,000	583,164,133	147,609,326	230,935,562	46,993,524	39,679,134	

Energy-Saving Glass Co., Ltd			glass						
CSG (Hong Kong) Limited	Subsidiary	Trading	Glass trading and investment holding	HKD 86,440,000	943,452,402	834,541,334	99,635,739	90,426,779	84,288,952
CSG (Australia) Limited	Subsidiary	Trading	Glass trading	AUD 500,000	18,129,670	5,243,766	26,764,284	3,310,900	2,317,630
Yichang CSG Polysilicon Co., Ltd.	Subsidiary	Manufacturing	Manufacture and sales of high purity silicon material products	1,467,980,000	2,969,180,756	888,232,303	236,373,886	-14,582,799	-9,696,357
Dongguan CSG PV-tech Co., Ltd.	Subsidiary	Manufacturing	Manufacture and sales of solar cells	516,000,000	827,988,452	317,431,504	178,972,083	1,511,592	6,776,733
Shenzhen CSG Display Technology Co., Ltd.	Joint-stock company	Manufacturing	Manufacture and sales of display device products	143,000,000	1,540,983,231	846,536,524	302,446,982	191,905,216	154,510,001

### 3. Major investment with non-raised proceeds

√ Applicable    □ Not applicable

Unit: RMB'0,000

Project	Planned investment amount	Amount invested in the report period	Accumulative amount actually invested ended as period-end	Progress of project(expected to finished from 2013-2015)	Returns from project
Xianning CSG project	108,670	12,829	100,356	Planning to build production lines for 1.2 million square meters of coated insulating glass, 3 million square meters of wide flat coated glass and energy-saving glass substrate production line in Changjiang Industry Park of Xianning Economic Development Zone, Hubei. At present, line-1 and line 2 of energy-saving glass substrate ignited respectively in April and June, 2013. 1.2 million square meters of coated insulating glass production line has been put into operation at the end of the first quarter. 3 million square meters of wide flat coated glass production line has been in process of debugging of equipment.	In the report period, part of the project has been completed, and the net profit was 32.54 million.
Expansion on	47,913	0	21,239	Planning to increase two coating glass production lines and support insulating glass capacity. When the project	In the report

energy-saving glass capacity of Wujiang Projects				completed, the capacities of wide flat coated products will add 3 million square meters, and capacity of coated insulating glass will add 1.2 million square meters every year. Among this, the wide flat coated glass line of 3 million square meters has been completed, and the others will be invested according to market situations.	period, part of the project has been completed and the revenue was not calculated individually.
Expansion on energy-saving glass capacity of Chengdu project	19,835	15,383	16,631	Planning to build a wide flat coated glass production line. When the project is completed, the annual deep-processing capacities of the wide flat coated products will reach 3million square meters. It is estimated that the project will be completed and put into operation in the end of 2014.	In the report period, the project is still in construction.
Polysilicon cold hydrogenation, technological transformation project of distillation system, reduction furnace and CDI system	59,616	4,710	58,027	Planning to implement cold hydrogenation and distillation system on production line of polysilicon, technological transformation on giant energy-saving reduction furnace and new-type CDI tail recovery treatment system, reduce material consumption, power consumption and steam consumption substantially so that the cost will be reduced with more capacity obtained. This project has completed basically and will be put into operation in the third quarter. The project had been completed and entered into commercial operation.	The project entered into commercial operation with profit of RMB 4.24 million earned in the operation month.
Yichang CSG ultra-thin electronic glass project	32,000	9,046	30,151	Planning to build a ultra-thin electronic glass production line with capacity of 240T/D, the production line uses natural gas as fuel and adopts float process to produce 0.7~1.1mm ultra-thin glass. The project was ignited in February 2014 .It is in trial production currently.	At present, there's no profit from the project.
Qingyuan high-performance ultra-thin electronic glass project	47,166	8,737	11,630	Planning to build a high-performance ultra-thin electronic glass production line with monthly capacity of approximately one million square meters in Qingyuan. The production line adopts CSG's unique technology to produce 0.55mm~1.1mm higher performance ultra-thin electronic glass. The project will be completed at the end of 2014.	Project still in construction in the report period.
Wujiang CSG PV	57,980	10,410	49,403	Being considered all factors and matching the terminal market, removed Heyuan CSG PV glass project to Wujiang	At present, there's no



Glass project				to build a production line for PV rolled glass with capacity of 650 tons per day and a tempering deep processing production line with annual capacity of 16.2 million square meters. The production line used clear natural gas as the fuel. Approximately RMB 580 million has been invested to the project and the line ignited in March 2014. It is in trial production currently.	profit from the project.
Dongguan CSG solar on-line coated project	39,000	1,012	1,012	Planning to establish an on-line coated production line in green energy industrial park of Dongguan CSG, achieving resource sharing through making use of production line processing facilities of Shenzhen CSG Float and invigorating idle assets such as plant of Dongguan solar energy rolled glass project and its public facilities. The Company planned to invest approximately RMB 390 million, including RMB 252 million newly increased. The project plans to complete in early 2015.	Project still in construction in the report period.
700MW wafer expanding project in Yichang CSG	198,000	13,087	21,393	Planning to build the wafer expanding project in Yichang CSG. Among these, 300MW project has started to construct and planned to complete in the end of 2014. At that time, CSG will own the wafer productivity of 500MW in total. The balance 400MW project will be invested according to industry situations.	Project still in construction in the report period.
Subtotal	610,180	75,214	309,842	--	--
Project	Planned investment amount	Amount invested in the report period	Accumulative amount actually invested ended as period-end	Progress of project(projects suspension)	Returns from project
Yichang CSG 700MW solar cell project	169,330	0	0	Planning to build the solar cell production line with annual capacity of 700MW. The project was suspended and further investment will be based on actual industry situations.	--
Expanding 500MW solar module project in Dongguan	63,600	0	0	Planning to expand the solar module production line with annual capacity of 500MW. The project was suspended due to industry situations and further investment will be based on actual industry situations	--
Subtotal	232,930	0	0	--	--
<b>Total</b>	843,110	75,214	309,842	--	--
Explanation on major investment with non-raised proceeds					
1. Xianning CSG projects (including energy-saving glass), Wujiang energy-saving project and Chengdu energy-saving project					

- have been approved in 18<sup>th</sup> meeting of the 5<sup>th</sup> board of directors on 23 December 2010.
2. Yichang CSG technological transformation projects included polysilicon cold hydrogenation, technological transformation project of distillation system, reduction furnace and CDI system. These projects have been approved in 18<sup>th</sup> meeting of the 5<sup>th</sup> the board on 23 December 2010, 2<sup>nd</sup> meeting of the 6<sup>th</sup> board of directors on 21 April 2011 and the extraordinary meeting of the 6<sup>th</sup> board of directors on 27 September 2011 respectively.
  3. Yichang CSG Ultra-thin glass project has been deliberated and approved by extraordinary meeting of the 6<sup>th</sup> board of directors on 14 December 2013.
  4. Qingyuan high-performance ultra-thin electronic glass project has been deliberated and approved by extraordinary meeting of the 6<sup>th</sup> board of directors on 2 August 2013.
  5. Wujiang CSG PV Glass project has been deliberated and approved by extraordinary meeting of 6<sup>th</sup> board of directors on 30 April 2013.

## VI. Prediction of business performance from January to September 2014

Alert of loss or significant change in accumulative net profit from the beginning of year to the end of next report period or compared with the same period of last year, and statement of causations.

Applicable  Not applicable

## VII. Implementation of profit distribution in the report period

Implementation or adjustment of profit distribution plan in reporting period, cash dividend plan and converting capital reserve into share capital in particular

Applicable  Not applicable

The profit distribution plan for 2013 was approved by Annual Shareholders' General Meeting 2013 held on 14 April 2014 which distributed RMB 3 (tax included) in cash for every 10 shares to all shareholders. Notice of the distribution has been published on *China Securities Journal*, *Securities Times* and *Hong Kong Commercial Daily* on 28 April 2014, and the profit has been distributed. No profit distribution and capital reserve capitalizing of the Company exercised in the first half year of 2014.

Special explanation on cash dividend policy	
Satisfy regulations of General Meeting or requirement of Article of Association (Y/N)	Y
Well-defined and clearly dividend standards and proportion (Y/N)	Y
Completed relevant decision-making process and mechanism (Y/N)	Y
Independent directors perform duties completely and play a proper role (Y/N)	Y
Minority shareholders have opportunity to express opinions and demands totally and their legal rights are fully protected (Y/N)	Y
Condition and procedures are compliance and transparent while the cash bonus policy adjusted or changed (Y/N)	Cash bonus policy has not changed or adjusted

## VIII. Plan of profit distribution and share converted from capital reserve in the report period

Applicable  Not applicable

The Company has no plans of cash dividend distribution, bonus shares distribution or share converted from capital reserve in the first

half of the year.

## IX. Reception of research, communication and interview in the report period

Applicable  Not applicable

Time	Place	Way	Type	Reception	Contents discussed and material provided
2014-5-28	The Company	Field research	Institute	HSBC Global Assets Management (H.K.) Co., Ltd., Macquarie Bank Limited	Introduced the operation condition of the Company disclosed

## Section V Important Events

### I. Corporate governance of the Company

In strict compliance with the requirements of the relevant laws and regulation including The Company Law, Securities Law and Rule of Governance for Listed Company, the Company has been putting efforts in improving the corporate governance, strengthening management of information disclosure, regulating operation activities and establishing a modern corporate system. At present, the system for corporate governance of the Company is basically perfect, operation is regulated, corporate governance is consummated, which accord with the requirements of relevant document on corporate governance of listed company issued by CSRS. During the report period, it does not exist that the company provides the undisclosed information to the largest shareholder and actual controller. And it does not exist that non-operating fund of listed company is occupied by the largest shareholder and its affiliated enterprises.

### II. Assets transaction

#### 1. Assets sold

√ Applicable    □ Not applicable

Counterparty	Assets for sale	The date of sale	Transaction price (RMB 0,000)	The net profits contributed to the listed company by the asset from the beginning of current period to the date of sale (RMB 0,000)	The profit and loss generated by sale (RMB 0,000)	The proportion of the net profits that the assets for sale contributed to the listed company in total profits (%)	Pricing principle of assets for sale	Whether it is related transaction	The association with the counterparty (Applicable for related transaction)	Whether the ownership of involved property rights is transferred	Whether the creditor's rights and debts are all transferred	Date of disclosure	Index of disclosure
GoldenTime Investment Consultant (Shenzhen) Co., Ltd.	100 equity of Shenzhen CSG Float Glass Co., Ltd.	2014-4-30	91,800	-323	Approximately RMB 311.25 million investment earnings expected	52%	Pricing refer to the net assets of the target company	N	Not applicable	Y	Y	2013-9-28	2013-028

### III. Implementation of stock option incentive and its impact

Applicable  Not applicable

The 15th meeting of 6th session of the Board held on 22 March 2014 deliberated and approved the “Proposal of Incentive Plan for Restricted Stock of A-share (Draft) and Summary” (hereinafter referred to Incentive Plan).

The incentive plan will issue no more than 90 million restricted A shares to grant plan participants in one time. The participants who can be awarded with restricted shares should correspond to award requirements regulated in restrict shares incentive plan. The Plan is valid for 48 months. The first 12 months since granted date was the lockup period and the later 36 months was the unlocked period. During the unlocked period, plan participants can apply unlocking the restricted shares in three phases if achieved the release condition, and the unlocked ratio shall be no more than 40%、30%、30% of the total restricted shares respectively. The incentive plan has been put on file without objection by China Securities Regulatory Commission and should be submitted to the general meeting of shareholders for deliberation.

Details of the incentive plan can be found in the relevant notices released in the China Securities Journal, Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn) on 25 March 2014.

### IV. Major related transaction

#### 1. Related transaction with routine operation concerned

Applicable  Not applicable

Related transaction parties	Related relationship	Related transaction type	Related transaction content	Pricing principle	Dealing price	Trading amount (RMB 0,000)	Proportion in the amount of the same transaction (%)	Means of payments	Market price of similar transaction available	Date of disclosure	Index of disclosure
Shenzhen CSG Display Technology Co., Ltd.	Associated enterprise	Sales products and commodities to related person	Sales ultra-thin glass	Refers to market price	Not applicable	455.32	0.14%	Monthly cost	Not applicable	Not applicable	Not applicable
Total				--	--	455.32	--	--	--	--	--
Details of major sold-out order sent back									N/A		
The actual implementation of routine related transactions that is about to occurred in the Period with total amount estimated by category (if any)									N/A		
Reason for the great difference between trade price and market reference price (if any)									Not applicable		

### V. Particular about non-operating fund of listed company is occupied by controlling shareholder and its affiliated enterprises

Applicable  Not applicable

It does not exist that non-operating fund of listed company is occupied by controlling shareholder and its affiliated enterprises in the report period.

## VI. Significant contract and implementations

### 1. Guarantees

√ Applicable   □ Not applicable

Unit: RMB'0,000

Particulars about the external guarantee of the Company (Barring the guarantee for subsidiaries)								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party (Y/N)
Guarantee of the Company for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party (Y/N)
Chengdu CSG Glass Co., Ltd.	2014-1-14	15,000			General assurance	5-year	N	N
Chengdu CSG Glass Co., Ltd.	2014-1-14	10,000			General assurance	1-year	N	N
Chengdu CSG Glass Co., Ltd.	2014-1-14	10,000			General assurance	1-year	N	N
Chengdu CSG Glass Co., Ltd.	2014-3-25	12,500			General assurance	1-year	N	N
Yichang CSG Photoelectric Glass Co., Ltd.	2014-3-25	8,000	2014-5-20	1,220	General assurance	3-year	N	N
Yichang CSG Polysilicon Co., Ltd.	2014-3-25	30,000			General assurance	1-year	N	N
Qingyuan CSG Energy Conservation New-materials Co., Ltd.	2014-3-25	30,000			General assurance	3-year	N	N
Qingyuan CSG Energy Conservation New-materials Co., Ltd.	2014-4-22	30,000			General assurance	3-year	N	N
Total amount of approving guarantee for subsidiaries in report period (B1)		145,500		Total amount of actual occurred guarantee for subsidiaries in report period (B2)			63,688	
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)		623,506		Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)			72,131	
Total amount of guarantee of the Company( total of two abovementioned guarantee)								

Total amount of approving guarantee in report period (A1+B1)	145,500	Total amount of actual occurred guarantee in report period (A2+B2)	63,688
Total amount of approved guarantee at the end of report period (A3+B3)	623,506	Total balance of actual guarantee at the end of report period (A4+B4)	72,131
The proportion of the total amount of actually guarantee in the net assets of the Company(that is A4+ B4)		8.99%	
Including:			
Amount of guarantee for shareholders, actual controller and its related parties(C)	0		
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(D)	0		
Proportion of total amount of guarantee in net assets of the Company exceed 50%(E)	0		
Total amount of the aforesaid three guarantees(C+D+E)	0		
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees	The Company bearing jointly responsibility in guarantee range if the subsidiaries end up in default.		
Explanations on external guarantee against regulated procedures	N/A		

Explanation on guarantee with way of complex

Nil

## VII. Commitments from the Company or shareholder with over 5% share held in the report period or continues to the report period

√ Applicable   □ Not applicable

Commitments	Promisee	Content of commitments	Commitment date	Commitment term	Implementation
Commitments for Share Merger Reform	The original non-tradable shareholder Shenzhen International Holdings (SZ) Limited and Xin Tong Chan Industrial Development (Shenzhen) Co., Ltd.	The Company has implemented share merger reform in May 2006. Till June 2008, the share of the original non-tradable shareholders which holding over 5% total shares of the Company had all released. Therein, the original non-tradable shareholder Shenzhen International Holdings (SZ) Limited and Xin Tong Chan Industrial Development (Shenzhen) Co., Ltd. both are wholly-funded subsidiaries to Shenzhen International Holdings Limited (hereinafter Shenzhen International for short) listed in Hong Kong united stock exchange main board. Shenzhen International made commitment that it would strictly carry out related	2006-5-22	N/A	By the end of the report period, the above shareholders of the Company had strictly carried out their promises.

		regulations of Securities Law, Administration of the Takeover of Listed Companies Procedures and Guiding Opinions on the Listed Companies' Transfer of Original Shares Released from Trading Restrictions issued by CSRC during implementing share decreasingly-held plan and take information disclosure responsibility timely.			
Commitments in report of acquisition or equity change					
Commitments in assets reorganization					
Commitments in initial public offering or re-financing					
Other commitments for medium and small shareholders					
Completed on time or not	Yes				
Detail reasons for un-complement and further plan	Not applicable				

### VIII. Engaging and dismissing of CPA

Whether the semi-annual report was audited or not

Yes  No

### IX. Statement on other important matters

Applicable  Not applicable

#### 1. Short-term Financing Bonds

On 6 August 2012, the First Extraordinary Shareholders' General Meeting 2012 of CSG Holding Co., Ltd deliberated and approved the proposal of short-term financing bills offering with application of short-term financing bill within RMB 2.2 billion limit. On 11 January 2013, National Association of Financial market Institutional Investors held its 1st registration meeting of 2013, in which NAFMII decided to accept the Company's short-term financing bills registration, amounting to RMB 1.1 billion, valid until January 25, 2015. China Merchants Bank Co., Ltd, and Shanghai Pudong Development Bank Co., Ltd were joint lead underwriters of these short-term financing bills, which could be issued by stages within the validity period of registration. On 7 March 2013, the Company issued the 1st batch of short-term financing bills with a total amount of RMB 1.1 billion and deadline of one year, and cashed completed on 6 March 2014. On 27 June 2014, the Company continued to issue the 2nd batch of short-term financing bills for the year with a total amount of RMB 700 million and annual interest rate of 5.10%, and the expiry date is 27 June 2015.

On 23 April 2013, annual general meeting of 2012 of CSG Holding Co., Ltd deliberated and approved the proposal of short-term financing bills offering with application of short-term financing bills with a total amount of no more than 40 percent of the



Company's net assets (the issued short-term financing bills included). On 20 December 2013, National Association of Financial market Institutional Investors held its 74th registration meeting of 2013, in which NAFMII decided to accept the Company's short-term financing bills registration, amounting to RMB 1.1 billion, valid for two years. China CITIC Bank Corporation Limited and Agricultural Bank of China Co., Ltd were joint lead underwriters of these short-term financing bills, which could be issued by stages within the validity period of registration. On 14 March 2014, the Company issued short-term financing bills with a total amount of RMB 0.5 billion and deadline of one year. As for the remaining RMB 0.6 billion and one-year term short-term financing bonds, the issuance date is undetermined.

For details, please refer to [www.chinabond.com.cn](http://www.chinabond.com.cn) and [www.chinamoney.com.cn](http://www.chinamoney.com.cn).

## 2. Corporate bonds

As approved by the Company in the second extraordinary general meeting for 2009, the Company issued corporate bonds amounting to RMB2 billion on 20 October 2010. This batch of bonds was divided into two groups, with maturity terms being 5 years and 7 years respectively. For the bonds with maturity term of 5 years, the issuance amount was RMB1 billion; and for those of 7 years, the issuance amount was RMB1 billion also. Besides, the bonds were attached with the option of issuer to raise additional coupon rate and the put option of investor. The corporate bonds were listed for trading on Shenzhen Stock Exchange on 10 November 2010, with annual interest rate of 5.33% which remained constant for the first 5 years during the duration period. The abbreviation of the bonds with 5 years term was '10CSG01', with stock code of 112021; and the abbreviation of the bonds with 7 years term was '10CSG02', with stock code of 112022. The trading termination dates were 20 October 2015 and 20 October 2017 respectively (the final announcement issued by the Company shall prevail). For details, please refer to the Result Announcement Concerning Issuance of Corporate Bonds in 2010 disclosed at China Securities Journal, Securities Times, Hong Kong Commercial Daily and [www.cninfo.com.cn](http://www.cninfo.com.cn) on 26 October 2010.

According to the tracking rating conducted by CCXR in 2013, the credit rating of the Company's main body was AA+, with outlook of stable. The credit rating of the aforementioned bonds was AA+. The Company has paid the interests of the bonds for the three interest accrual periods on 20 October 2011, 22 October 2012 and 21 October 2013. In future, the Company will continue to provide assurance for payment of principal and interests of corporate bonds by solidly development of own business in the future.

## Section VI. Changes in Shares and Particulars about Shareholders

### I. Changes in Share Capital

Unit: Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion (%)	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion (%)
I. Restricted shares	10,284,197	0.50%				-301,200	-301,200	9,982,997	0.48%
1. State-owned shares	0	0%					0	0	0%
2. State-owned legal person's shares	0	0%					0	0	0%
3. Other domestic shares	10,284,197	0.50%				-301,200	-301,200	9,982,997	0.48%
Including: Domestic legal person's shares	0	0%					0	0	0%
Domestic natural person's shares	10,284,197	0.50%				-301,200	-301,200	9,982,997	0.48%
4. Foreign shares	0	0%					0	0	0%
Including: Foreign legal person's shares	0	0%					0	0	0%
Foreign natural person's shares	0	0%					0	0	0%
II. Unrestricted shares	2,065,051,363	99.50%				301,200	301,200	2,065,352,563	99.52%
1. RMB Ordinary shares	1,302,467,371	62.76%				301,200	301,200	1,302,768,571	62.77%
2. Domestically listed foreign shares	762,583,992	36.75%					0	762,583,992	36.75%
3. Overseas listed foreign shares	0	0%					0	0	0%
4. Others	0	0%					0	0	0%
III. Total shares	2,075,335,560	100%					0	2,075,335,560	100%

Reasons for share changed

 Applicable    Not applicable

Removal &amp; engagement for senior executives

Approval of share changed

 Applicable    Not applicable

Ownership transfer for changed shares

 Applicable    Not applicable

On 29 November 2013, Mr. Lu Wenhui was no longer in office of the Company as senior executive, shares held by Mr. Lu Wenhui which had been locked up for six months by regulation released in May 2014. Therefore, 573,750 shares were decreased in restricted senior executives' share. Mr. Zhang Bozhong was appointed as vice president of the Company on 14 April 2014. Therefore, the 75% shares held by Mr. Zhang Bozhong, that was 272,550 shares were classified into the senior executives' restricted shares.

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

Applicable  Not applicable

Other information necessary to be disclosed or need to be disclosed under requirement from security regulators

Applicable  Not applicable

Explanation on changes in aspects of total shares, shareholder structure, assets of the Company and liability structure

Applicable  Not applicable

## II. Particulars about shareholder and actual controller of the Company

Unit: Share

Total shareholders in the report period	217,800			Total preference shareholders with voting rights recovered at end of the report period (if applicable)	0			
Shareholder with above 5% shares hold or top 10 shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held (%)	Total shares held at the end of report period	Changes in report period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							Share status	Amount
China Northern Industries Corporation	State-owned legal person	3.62%	75,167,934	0	0	75,167,934		
Xin Tong Chan Industrial Development (Shenzhen) Co., Ltd.	Domestic non state-owned legal person	2.99%	62,052,845	0	0	62,052,845		
Shenzhen International Holdings (Shenzhen) Co., Ltd.	Domestic non state-owned legal person	2.88%	59,778,813	0	0	59,778,813		
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.72%	15,003,364	-366,800	0	15,003,364		
ICBC—Lion Value Growth Stock Investment Fund	Domestic non state-owned legal person	0.67%	14,000,000	-6,000,000	0	14,000,000		
CMBC—Yinhua 100 Grading Stock Investment Fund	Domestic non state-owned legal person	0.64%	13,301,406	13,301,406	0	13,301,406		
PICC Life – Dividend – Personal insurance	Domestic non state-owned legal person	0.51%	10,653,131	3,849,929	0	10,653,131		
CMS (H.K.)	Foreign legal person	0.51%	10,542,928	3,920,526	0	10,542,928		

GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	0.48%	9,928,203	-510,845	0	9,928,203		
ICBC—Rongtong 100 Index Stock Investment Fund	Domestic non state-owned legal person	0.44%	9,204,358	-1,046,600	0	9,204,358		
Strategic investors or general legal person becomes top 10 shareholders due to shares issued (if applicable)	N/A							
Explanation on associated relationship among the aforesaid shareholders	Among shareholders as listed above, Shenzhen International Holdings (Shenzhen) Co., Ltd. and Xin Tong Chan Development (Shenzhen) Co., Ltd. are holding enterprises and belong to controlling enterprise of Shenzhen International Holdings Co., Ltd.. Except for this, It is unknown whether other shareholders belong to related party or have associated relationship regulated by the Management Regulation of Information Disclosure on Change of Shareholding for Listed Companies.							
Particular about top ten shareholders with un-restrict shares held								
Shareholders' name	Amount of un-restrict shares held at year-end	Type of shares						
		Type	Amount					
China Northern Industries Corporation	75,167,934	RMB ordinary shares	75,167,934					
Xin Tong Chan Industrial Development (Shenzhen) Co., Ltd.	62,052,845	RMB ordinary shares	62,052,845					
Shenzhen International Holdings (Shenzhen) Co., Ltd.	59,778,813	RMB ordinary shares	59,778,813					
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	15,003,364	Domestically listed foreign shares	15,003,364					
ICBC—Lion Value Growth Stock Investment Fund	14,000,000	RMB ordinary shares	14,000,000					
CMBC—Yinhua 100 Grading Stock Investment Fund	13,301,406	RMB ordinary shares	13,301,406					
PICC Life – Dividend – Personal insurance	10,653,131	RMB ordinary shares	10,653,131					
CMS (H.K.)	10,542,928	Domestically listed foreign shares	10,542,928					
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	9,928,203	Domestically listed foreign shares	9,928,203					
ICBC—Rongtong 100 Index Stock Investment Fund	9,204,358	RMB ordinary shares	9,204,358					
Statement on associated relationship or consistent action among the above shareholders:	Among shareholders as listed above, Shenzhen International Holdings (Shenzhen) Co., Ltd. and Xin Tong Chan Development (Shenzhen) Co., Ltd. are holding enterprises and belong to controlling enterprise of Shenzhen International Holdings Co., Ltd.. Except for this, It is unknown whether other shareholders belong to related party or have associated relationship regulated by the Management Regulation of Information Disclosure on Change of Shareholding for Listed Companies.							
Explanation on shareholders involving margin business (if applicable)	N/A							

Agreed to buy back deals occurred in Period from shareholders

Yes  No

### **III. Changes of controlling shareholder or actual controller**

Changes of controlling shareholder in the report period

Applicable  Not applicable

Controlling shareholders have no changed in the report period.

Changes of actual controller in the report period

Applicable  Not applicable

Actual controller has no changed in the report period.

### **IV. Share holding increasing plan proposed or implemented in the report period from shareholder of the Company and its concerted action person**

Applicable  Not applicable

As far as the Company knows, there is no share holding increasing plan proposed or implemented in the report period from shareholder of the Company and its concerted action person.

## Section VII. Particulars about Directors, Supervisors and Senior Executives and Employees

### I. Changes of shares held by directors, supervisors and senior executives

Applicable  Not applicable

Shares held by directors, super visors and senior executives have no change in the report period, more details can be found in Annual Report 2013.

### II. Changes of the directors, supervisors and senior executives

Applicable  Not applicable

Name	Title	Type	Date	Reasons
Du Wenjun	Independent Director	Elected	2014-04-14	At expiration of office term
Chen Chao	Director	Elected	2014-04-14	At expiration of office term
Yan Wendou	Supervisor	Elected	2014-03-14	Elected on workers congress
Zhang Bozhong	Deputy President	Appointed	2014-04-14	Board of the Company agrees to nominate Mr. Zhang Bozhong servers as Deputy President of the Company due to business development requirement
Chen Chao	Independent Director	Leave office while terms expired	2014-04-14	Leave office upon term expiration
Ke Hanqi	Director	Leave office	2014-04-14	At expiration of office term
Sun Jingyun	Supervisor	Leave office	2014-03-13	Submitted resignation to Supervisory Committee due to career moves

## Section VIII . Financial Report

### (I) Auditors' Report

Whether the Semi-annual Report is audited or not

Yes     No

The Semi-annual Report of the Company is not audited.

### (II) Financial Statements

All figures in the Notes to the Financial Statements are in RMB.

#### 1. Consolidated Balance Sheet

Prepared by CSG Holding Co., Ltd.

Unit: RMB

Items	Ending balance	Beginning balance
Current asset:		
Monetary capital	287,736,235	279,672,523
Settlement provision		
Outgoing call loan		
Transactional financial assets		
Notes receivable	307,341,178	323,889,490
Account receivable	245,616,313	136,430,683
Prepayment	119,246,734	73,378,329
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable		
Dividend receivable	26,343,365	
Other account receivable	41,390,951	109,366,023
Repurchasing of financial assets		
Inventories	443,158,547	378,684,712
Non-current asset due in 1 year		
Other current asset	187,292,116	1,021,464,095
Total of current asset	1,658,125,439	2,322,885,855
Non-current assets		
Disburse of consigned loans		

Available-for-sale financial asset	135,900,000	122,760,000
Expired investment in possess		
Long-term receivable		
Long-term share equity investment	751,594,586	770,037,176
Investment real estates		
Fixed assets	9,208,002,553	7,979,937,683
Construction in process	1,964,018,775	2,762,418,100
Engineering goods		
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	948,567,405	933,329,528
R&D expense	10,450,066	9,881,310
Goodwill	3,039,946	3,039,946
Long-term amortizable expenses	2,896,704	3,280,021
Differed income tax asset	107,855,079	164,787,158
Other non-current asset	6,510,000	6,510,000
Total of non-current assets	13,138,835,114	12,755,980,922
Total of assets	14,796,960,553	15,078,866,777
Current liabilities		
Short-term loans	1,958,295,208	1,424,743,800
Loan from Central Bank		
Deposit received and hold for others		
Call loan received		
Trade off financial liabilities		
Notes payable	8,221,924	4,429,188
Account payable	1,000,862,699	981,616,449
Prepayment received	149,764,555	160,689,070
Selling of repurchased financial assets		
Fees and commissions receivable		
Employees' wage payable	112,079,096	166,377,238
Tax payable	99,596,206	160,754,703
Interest payable	86,785,042	60,767,534
Dividend payable	687,627	687,627



Other account payable	231,749,754	557,130,583
Reinsurance fee payable		
Insurance contract provision		
Entrusted trading of securities		
Entrusted selling of securities		
Non-current liability due in 1 year	182,026,370	399,849,715
Other current liability	300,000	300,000
Total of current liability	3,830,368,481	3,917,345,907
Non-current liabilities		
Long-term borrowings	275,992,783	302,904,204
Bond payable	1,993,347,401	1,991,041,175
Long-term payable		
Special payable		
Anticipated liabilities		
Differed income tax liability	34,118,278	34,298,029
Other non-recurring liabilities	414,180,279	432,364,880
Total of non-current liabilities	2,717,638,741	2,760,608,288
Total of liability	6,548,007,222	6,677,954,195
Owners' equity (or shareholders' equity)		
Capital paid in (or share capital)	2,075,335,560	2,075,335,560
Capital reserves	1,394,184,448	1,391,366,888
Less: Shares in stock		
Special reserves	15,335,600	14,503,860
Surplus reserves	765,048,720	765,048,720
Common risk provision		
Retained profit	3,770,184,613	3,803,574,842
Different of foreign currency translation	-945,426	-1,935,731
Total of owner's equity belong to the parent company	8,019,143,515	8,047,894,139
Minor shareholders' equity	229,809,816	353,018,443
Total of owners' equity (or shareholders' equity)	8,248,953,331	8,400,912,582
Total of liability and shareholders' equity (or owners' equity)	14,796,960,553	15,078,866,777

Legal Representative: Zeng Nan

CFO: Luo Youming

Manager of the financial department: Zhang Guoming

## 2. Balance Sheet of the Parent Company

Prepared by CSG Holding Co., Ltd.

Unit: RMB

Items	Ending balance	Beginning balance
Current asset:		
Monetary capital	144,593,055	129,337,516
Transactional financial assets		
Notes receivable		
Account receivable		
Prepayment		
Interest receivable		
Dividend receivable	26,318,201	
Other account receivable	3,670,966,095	3,082,240,537
Inventories		
Non-current asset due in 1 year		
Other current asset		
Total of current asset	3,841,877,351	3,211,578,053
Non-current assets		
Available-for-sale financial asset	104,235,300	94,156,920
Expired investment in possess		
Long-term receivable	1,701,290,000	1,953,745,783
Long-term share equity investment	4,409,380,323	4,966,621,199
Investment real estates		
Fixed assets	35,762,338	38,163,267
Construction in process		
Engineering goods		
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	2,427,736	2,649,635
R&D expense		
Goodwill		
Long-term amortizable expenses	2,127,526	2,424,621
Differed income tax asset		

Other non-current asset		
Total of non-current assets	6,255,223,223	7,057,761,425
Total of assets	10,097,100,574	10,269,339,478
Current liabilities		
Short-term loans	1,695,000,000	1,255,000,000
Trade off financial liabilities		
Notes payable		
Account payable	591,642	923,245
Prepayment received		
Employees' wage payable	29,329,693	55,932,331
Tax payable	1,752,051	26,978,661
Interest payable	30,763,327	18,800,998
Dividend payable	687,627	687,627
Other account payable	333,500,125	829,844,788
Non-current liability due in 1 year		150,000,000
Other current liability		
Total of current liability	2,091,624,465	2,338,167,650
Non-current liabilities		
Long-term borrowings		
Bond payable	1,993,347,401	1,991,041,175
Long-term payable		
Special payable		
Anticipated liabilities		
Differed income tax liability	21,648,575	19,128,980
Other non-recurring liabilities	11,792,800	11,792,800
Total of non-current liabilities	2,026,788,776	2,021,962,955
Total of liability	4,118,413,241	4,360,130,605
Owners' equity (or shareholders' equity)		
Capital paid in (or share capital)	2,075,335,560	2,075,335,560
Capital reserves	1,442,362,965	1,434,441,128
Less: Shares in stock		
Special reserves		
Surplus reserves	779,594,080	779,594,080
Common risk provision		

Retained profit	1,681,394,728	1,619,838,105
Different of foreign currency translation		
Total of owners' equity (or shareholders' equity)	5,978,687,333	5,909,208,873
Total of liability and shareholders' equity (or owners' equity)	10,097,100,574	10,269,339,478

Legal Representative: Zeng Nan

CFO: Luo Youming

Manager of the financial department: Zhang Guoming

### 3.Consolidated Income Statement

Prepared by CSG Holding Co., Ltd.

Unit: RMB

Items	Balance of this period	Balance of last period
I. Total revenue	3,262,681,672	3,536,965,783
Incl. Business income	3,262,681,672	3,536,965,783
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	2,960,932,907	3,051,735,433
Incl. Business cost	2,438,593,004	2,514,678,053
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net insurance policy reserves provided		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	16,421,798	23,235,766
Sales expense	114,315,080	127,942,744
Administrative expense	280,194,020	264,014,052
Financial expenses	109,025,628	119,638,263
Asset impairment loss	2,383,377	2,226,555
Plus: gains from change of fair value ("-" for loss)		
Investment gains ("-" for loss)	320,762,071	432,000
Incl. Investment gains from affiliates	9,407,007	
Exchange gains ("-" for loss)		

III. Operational profit (“-“ for loss)	622,510,836	485,662,350
Plus: non-operational income	57,283,254	48,291,577
Less: non-operational expenditure	1,599,736	8,395,202
Incl. Loss from disposal of non-current assets	1,446,174	288,211
IV. Gross profit (“-“ for loss)	678,194,354	525,558,725
Less: Income tax expenses	60,997,406	113,728,215
V. Net profit (“-“ for net loss)	617,196,948	411,830,510
Including: Net profit realized by the entity taken over before the takeover		
Net profit attributable to the owners of parent company	589,210,439	353,719,746
Minor shareholders’ equity	27,986,509	58,110,764
VI. Earnings per share:	--	--
(I) Basic earnings per share	0.28	0.17
(II) Diluted earnings per share	0.28	0.17
VII. Other misc. incomes	11,104,135	-10,269,219
VIII. Total of misc. incomes	628,301,083	401,561,291
Total of misc. incomes attributable to the owners of the parent company	600,315,982	343,450,704
Total misc gains attributable to the minor shareholders	27,985,101	58,110,587

Legal Representative: Zeng Nan

CFO: Luo Youming

Manager of the financial department: Zhang Guoming

#### 4. Income Statement of the Parent Co.

Prepared by CSG Holding Co., Ltd.

Unit: RMB

Items	Balance of this period	Balance of last period
I. Turnover	0	741,079
Less: Operation cost	0	41,575
Business tax and surcharge		
Sales expense		
Administrative expense	42,738,239	22,794,486
Financial expenses	54,974,113	17,523,341
Asset impairment loss	1,209	-774,291
Plus: gains from change of fair value (“-“ for loss)		
Investment gains (“-“ for loss)	771,542,246	537,075,800

Incl. Investment gains from affiliates	69,828,686	
II. Operational profit (“-“ for loss)	673,828,685	498,231,768
Plus: Non business income	866,216	6,327,040
Less: Non-business expenses		3,741
Incl. Loss from disposal of non-current assets		3,741
III. Total profit (“-“ for loss)	674,694,901	504,555,067
Less: Income tax expenses	-9,462,390	
IV. Net profit (“-“ for net loss)	684,157,291	504,555,067
V. Earnings per share	--	--
(I) Basic earnings per share		
(II) Diluted earnings per share		
VI. Other misc gains	7,558,785	-6,787,827
VII. Total of integrated income	691,716,076	497,767,240

Legal Representative: Zeng Nan

CFO: Luo Youming

Manager of the financial department: Zhang Guoming

## 5. Consolidated Cash Flow Statement

Prepared by CSG Holding Co., Ltd.

Unit: RMB

Items	Balance of this period	Balance of last period
I. Net cash flow from business operation		
Cash received from sales of products and providing of services	3,730,356,839	4,001,904,415
Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		
Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		
Net increase of trade financial asset disposal		
Cash received as interest, processing fee, and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Tax returned	20,278,992	24,255,403
Other cash received from business operation	34,582,138	54,346,067

Sub-total of cash inflow from business activities	3,785,217,969	4,080,505,885
Cash paid for purchasing of merchandise and services	2,279,746,228	2,333,926,761
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Cash paid for interest, processing fee and commission		
Cash paid for policy dividend		
Cash paid to staffs or paid for staffs	411,035,715	395,628,362
Taxes paid	309,660,571	449,961,157
Other cash paid for business activities	203,847,248	193,730,893
Sub-total of cash outflow from business activities	3,204,289,762	3,373,247,173
Cash flow generated by business operation, net	580,928,207	707,258,712
II. Cash flow generated by investing		
Cash received from investment retrieving		
Cash received as investment profit	444,816	
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	10,631,070	15,201,967
Net cash received from disposal of subsidiaries or other operational units	463,160,123	20,000,000
Other investment-related cash received	99,101,310	46,277,135
Sub-total of cash inflow due to investment activities	573,337,319	81,479,102
Cash paid for construction of fixed assets, intangible assets and other long-term assets	998,359,544	939,098,718
Cash paid as investment	55,971,894	
Net increase of loan against pledge		
Net cash received from subsidiaries and other operational units		39,001,200
Other cash paid for investment activities	6,616,080	7,000,000
Sub-total of cash outflow due to investment activities	1,060,947,518	985,099,918
Net cash flow generated by investment	-487,610,199	-903,620,816
III. Cash flow generated by financing		
Cash received as investment	21,136,000	21,085,757
Incl. Cash received as investment from minor shareholders	21,136,000	21,085,757
Cash received as loans	3,206,640,372	2,107,803,785
Cash received from bond placing		
Other financing-related cash received	353,460,920	21,469,628

Subtotal of cash inflow from financing activities	3,581,237,292	2,150,359,170
Cash to repay debts	2,917,823,729	1,552,112,829
Cash paid as dividend, profit, or interests	747,047,327	473,728,339
Incl. Dividend and profit paid by subsidiaries to minor shareholders	56,362,791	108,861,756
Other cash paid for financing activities		
Subtotal of cash outflow due to financing activities	3,664,871,056	2,025,841,168
Net cash flow generated by financing	-83,633,764	124,518,002
IV. Influence of exchange rate alternation on cash and cash equivalents	400,331	-2,761,004
V. Net increase of cash and cash equivalents	10,084,575	-74,605,106
Plus: Balance of cash and cash equivalents at the beginning of term	276,450,869	447,736,536
VI. Balance of cash and cash equivalents at the end of term	286,535,444	373,131,430

Legal Representative: Zeng Nan

CFO: Luo Youming

Manager of the financial department: Zhang Guoming

## 6. Cash Flow Statement of the Parent Co.

Prepared by CSG Holding Co., Ltd.

Unit: RMB

Items	Balance of this period	Balance of last period
I. Net cash flow from business operation		
Cash received from sales of products and providing of services		
Tax returned		
Other cash received from business operation	1,181,264	1,613,696
Sub-total of cash inflow from business activities	1,181,264	1,613,696
Cash paid for purchasing of merchandise and services	1,500	2,446,575
Cash paid to staffs or paid for staffs	51,858,713	7,608,975
Taxes paid	16,935,417	240,332
Other cash paid for business activities	10,024,290	8,868,114
Sub-total of cash outflow from business activities	78,819,920	19,163,996
Cash flow generated by business operation, net	-77,638,656	-17,550,300
II. Cash flow generated by investing		
Cash received from investment retrieving		
Cash received as investment profit	526,558,273	265,909,173
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	294	



Net cash received from disposal of subsidiaries or other operational units	468,000,000	15,000,000
Other investment-related cash received		6,317,040
Sub-total of cash inflow due to investment activities	994,558,567	287,226,213
Cash paid for construction of fixed assets, intangible assets and other long-term assets	471,676	14,240,016
Cash paid as investment	114,778,929	313,112,426
Net cash received from subsidiaries and other operational units		39,001,200
Other cash paid for investment activities		
Sub-total of cash outflow due to investment activities	115,250,605	366,353,642
Net cash flow generated by investment	879,307,962	-79,127,429
III. Cash flow generated by financing		
Cash received as investment		
Cash received as loans	3,369,164,069	1,747,853,336
Cash received from bond placing		
Other financing-related cash received		
Subtotal of cash inflow from financing activities	3,369,164,069	1,747,853,336
Cash to repay debts	3,079,164,069	405,158,284
Cash paid as dividend, profit, or interests	667,937,522	315,302,985
Other cash paid for financing activities	409,586,399	954,506,592
Subtotal of cash outflow due to financing activities	4,156,687,990	1,674,967,861
Net cash flow generated by financing	-787,523,921	72,885,475
IV. Influence of exchange rate alternation on cash and cash equivalents	-81,486	2,232,963
V. Net increase of cash and cash equivalents	14,063,899	-21,559,291
Plus: Balance of cash and cash equivalents at the beginning of term	129,337,516	139,915,851
VI. Balance of cash and cash equivalents at the end of term	143,401,415	118,356,560

Legal Representative: Zeng Nan

CFO: Luo Youming

Manager of the financial department: Zhang Guoming

**7. Statement of Change in Owners' Equity (Consolidated)**

Prepared by CSG Holding Co., Ltd.

Amount of the Current Term

Unit: RMB

Items	Amount of the Current Term									
	Owners' Equity Attributable to the Parent Company								Minor shareholders' Total of owners' equity	Total of owners' equity
	Capital paid in (or share capital)	Capital reserves	Less: Shares Special in reserves stock	Special reserves	Surplus reserves	Common risk provision	Retained profit	Others		
I. Balance at the end of last year	2,075,335,560	1,391,366,888		14,503,860	765,048,720		3,803,574,842	-1,935,731	353,018,443	8,400,912,582
Plus: Change of accounting policy										
Correcting of previous errors										
Others										
II. Balance at the beginning of current year	2,075,335,560	1,391,366,888		14,503,860	765,048,720		3,803,574,842	-1,935,731	353,018,443	8,400,912,582
III. Amount of change in current term ("—" for decrease)		2,817,560		831,740			-33,390,229	990,305	-123,208,627	-151,959,251
(I) Net profit							589,210,439		27,986,509	617,196,948
(II) Other misc. income		10,115,238						990,305	-1,408	11,104,135
Total of (I) and (II)		10,115,238					589,210,439	990,305	27,985,101	628,301,083
(III) Investment or decreasing of capital by owners									21,136,000	21,136,000
1. Capital inputted by owners									21,136,000	21,136,000
2. Amount of shares paid and accounted as owners' equity										
3. Others										

(IV) Profit allotment								-622,600,668		-56,362,791	-678,963,459
1. Providing of surplus reserves											
2. Common risk provision											
3. Allotment to the owners (or shareholders)								-622,600,668		-56,362,791	-678,963,459
4. Others											
(V) Internal transferring of owners' equity											
1. Capitalizing of capital reserves (or to capital shares)											
2. Capitalizing of surplus reserves (or to capital shares)											
3. Making up losses by surplus reserves											
4. Others											
(VI) Special reserves				831,740							831,740
1. Provided this year				1,503,887							1,503,887
2. Used this term				-672,147							-672,147
(VII) Others		-7,297,678								-115,966,937	-123,264,615
IV. Balance at the end of this term	2,075,335,560	1,394,184,448		15,335,600	765,048,720			3,770,184,613	-945,426	229,809,816	8,248,953,331

Amount of Last Year

Unit: RMB

Items	Amount of Last Year										
	Owners' Equity Attributable to the Parent Company									Minor shareholders' Total of owners' equity	Total of owners' equity
	Capital paid in (or share capital)	Capital reserves	Less: Shares Special in reserves stock	Special reserves	Surplus reserves	Common risk provision	Retained profit	Others			

I. Balance at the end of last year	2,075,335,560	1,381,031,988		14,831,266	678,216,577		2,665,777,580	1,017,782	451,984,007	7,268,194,760
Plus: Retrospective adjustment caused by merger of entities under common control										
Plus: Change of accounting policy										
Correcting of previous errors										
Others										
II. Balance at the beginning of current year	2,075,335,560	1,381,031,988		14,831,266	678,216,577		2,665,777,580	1,017,782	451,984,007	7,268,194,760
III. Amount of change in current term ("—" for decrease)		10,334,900		-327,406	86,832,143		1,137,797,262	-2,953,513	-98,965,564	1,132,717,822
(I) Net profit							1,535,929,739		139,384,658	1,675,314,397
(II) Other misc. income		9,857,002						-2,953,513		6,903,489
Total of (I) and (II)		9,857,002					1,535,929,739	-2,953,513	139,384,658	1,682,217,886
(III) Investment or decreasing of capital by owners		450,851							13,451,793	13,902,644
1. Capital inputted by owners									13,210,000	13,210,000
2. Amount of shares paid and accounted as owners' equity		450,851							241,793	692,644
3. Others										
(IV) Profit allotment					86,832,143		-398,132,477		-145,358,190	-456,658,524
1. Providing of surplus reserves					86,832,143		-86,832,143			
2. Common risk provision										
3. Allotment to the owners (or shareholders)							-311,300,334		-145,358,190	-456,658,524
4. Others										
(V) Internal transferring of owners' equity										

1. Capitalizing of capital reserves (or to capital shares)										
2. Capitalizing of surplus reserves (or to capital shares)										
3. Making up losses by surplus reserves										
4. Others										
(VI) Special reserves				-327,406					-21,009	-348,415
1. Provided this year				3,195,497					205,053	3,400,550
2. Used this term				-3,522,903					-226,062	-3,748,965
(VII) Others		27,047							-106,422,816	-106,395,769
IV. Balance at the end of this term	2,075,335,560	1,391,366,888		14,503,860	765,048,720		3,803,574,842	-1,935,731	353,018,443	8,400,912,582

Legal Representative: Zeng Nan

CFO: Luo Youming

Manager of the financial department: Zhang Guoming

**8. Statement of Change in Owners' Equity (Parent Co.)**

Prepared by CSG Holding Co., Ltd.

Amount of the Current Term

Unit: RMB

Items	Amount of the Current Term							
	Capital paid in (or share capital)	Capital reserves	Less: Shares in stock	Special reserves	Surplus reserves	Common risk provision	Retained profit	Total of owners' equity
I. Balance at the end of last year	2,075,335,560	1,434,441,128			779,594,080		1,619,838,105	5,909,208,873
Add: Change of accounting policy								
Correcting of previous errors								
Other								
II. Balance at the beginning of current year	2,075,335,560	1,434,441,128			779,594,080		1,619,838,105	5,909,208,873
III. Changed in the current year		7,921,837					61,556,623	69,478,460
(I) Net profit							684,157,291	684,157,291
(II) Other misc. income		7,558,785						7,558,785
Total of (I) and (II)		7,558,785					684,157,291	691,716,076
(III) Investment or decreasing of capital by owners								
1. Capital inputted by owners								
2. Amount of shares paid and accounted as owners' equity								
3. Other								
(IV) Profit allotment							-622,600,668	-622,600,668
1. Providing of surplus reserves								
2. Providing of common risk provisions								
3. Allotment to the owners (or shareholders)							-622,600,668	-622,600,668
4. Other								
(V) Internal transferring of owners' equity								
1. Capitalizing of capital reserves (or to capital shares)								
2. Capitalizing of surplus reserves (or to capital shares)								
3. Making up losses by surplus reserves.								
4. Other								
(VI) Special reserves								
1. Provided this year								
2. Used this term								
(VII) Other		363,052						363,052
IV. Balance at the end of this term	2,075,335,560	1,442,362,965			779,594,080		1,681,394,728	5,978,687,333

Amount of Last Year

Unit: RMB

Items	Amount of last year							
	Capital paid in (or share capital)	Capital reserves	Less: Shares in stock	Special reserves	Surplus reserves	Common risk provision	Retained profit	Total of owners' equity
I. Balance at the end of last year	2,075,335,560	1,426,899,328			692,761,937		1,149,649,152	5,344,645,977
Add: Change of accounting policy								
Correcting of previous errors								
Other								
II. Balance at the beginning of current year	2,075,335,560	1,426,899,328			692,761,937		1,149,649,152	5,344,645,977
III. Changed in the current year		7,541,800			86,832,143		470,188,953	564,562,896
(I) Net profit							868,321,430	868,321,430
(II) Other misc. income		7,365,795						7,365,795
Total of (I) and (II)		7,365,795					868,321,430	875,687,225
(III) Investment or decreasing of capital by owners		176,005						176,005
1. Capital inputted by owners								
2. Amount of shares paid and accounted as owners' equity		176,005						176,005
3. Other								
(IV) Profit allotment					86,832,143		-398,132,477	-311,300,334
1. Providing of surplus reserves					86,832,143		-86,832,143	
2. Providing of common risk provisions								
3. Allotment to the owners (or shareholders)							-311,300,334	-311,300,334
4. Other								
(V) Internal transferring of owners' equity								
1. Capitalizing of capital reserves (or to capital shares)								
2. Capitalizing of surplus reserves (or to capital shares)								
3. Making up losses by surplus reserves.								
4. Other								
(VI) Special reserves								
1. Provided this year								
2. Used this term								
(VII) Other								
IV. Balance at the end of this term	2,075,335,560	1,434,441,128			779,594,080		1,619,838,105	5,909,208,873

Legal Representative: Zeng Nan

CFO: Luo Youming

Manager of the financial department: Zhang Guoming

### III. Basic Information of the Company

CSG Holding Co Ltd (the “Company”) was incorporated in September 1984 in Shenzhen, the People’s Republic of China (the “PRC”), previously known as China South Glass Company, as a joint venture enterprise by Hong Kong China merchants shipping Co., LTD (香港招商局轮船股份有限公司)、Shenzhen building materials industry corporation(深圳建筑材料工业集团公司)、China North Industries Corporation (中国北方工业深圳公司) and Guangdong international trust and investment corporation (广东国际信托投资公司), with a registered capital of US dollar 500,000. In October 1991, as approved by the Shenzhen municipal government with document SFBF (1991) 828, China South Glass Company was reorganized as joint stock limited company, the registered capital was RMB71,232,550, with nominal value of RMB1 per share.

As approved by People’s Bank of China Shenzhen Branch with document No. SRYFZ (1991)087 and SRYFZ (1992) 010, the Company issued, by public offering, the domestic shares (“A shares”) of 20,300,000 shares and domestically listed foreign shares (“B shares”) of 16,000,000, in October 1991 and January 1992, respectively. Both shares were listed in Shenzhen Stock Exchange in February 1992. The registered capital of the Company increased to RMB107,532,550.

As approved by China Securities Regulatory Committee with document (1995) No.16, State Planning Committee with document JWZ (1994) No. 1748 and State Administrative of Foreign Exchange with document HZF (95) No. 191, the Company issued USD 45 million convertible bonds on Swiss between June and July 1995, of which convertible bonds amounting to USD 44 million had been converted into 75,411,268 B shares, the remaining balances were repaid upon maturity.

The Company issued new capital of RMB832,519,306 during the period from 1993 to 2005 by the means of warrants, bonus issue and capitalisation of capital reserve.

As approved by China Security Regulatory Committee with document ZJFX (2007) No. 231, the Company issued, by private placement, 172,500,000 A shares during the period from 20 September to 27 September 2007, at subscription price of RMB8 per share. The registered capital of the Company increased to 1,187,963,124 upon the completion of the placement.

According to the Company’s restricted A share stock incentive scheme, the Company granted 49,140,000 A shares to employees through a non-public placement on 16 June 2008, at price of RMB8.58 per share. The registered capital of the Company increased to 1,237,103,124 upon the completion of the issuance.

As 2008 performance of the Group failed to meet the vesting conditions of the A share stock incentive scheme and certain employees left the Group, the Company repurchased and cancelled 13,365,000 A shares in 2009. The company's registered capital was reduced to 1,223,738,124.

As some certain employees left the Group in 2009, the Company repurchased and cancelled 1,042,500 A shares on January 2010. The company’s registered capital was reduced to 1,222,695,624.

Pursuant to the resolutions of shareholder’s meeting on 20 April 2010, the Company paid scrip dividend of 855,886,936 shares, on the basis of total equity 1,22,695,624 issuing 7 shares for each 10 shares by capitalisation of capital surplus. The Company’s registered capital was increased to 2,078,582,560 thereafter.

As certain employees left the Group in 2010, the Company repurchased and cancelled 1,861,500 A shares in July 2010. The company's registered capital was reduced to 2,076,721,060.

As certain employees left the Group in 2011, the Company repurchased and cancelled 578,000 A shares in January 2011 and 306,000 A shares in October. The company’s registered capital was reduced to 2,075,837,060.

As certain employees left the Group in 2012, the Company repurchased and cancelled 501,500 A shares in June 2012. The company’s registered capital was reduced to 2,075,335,560.

The Company and its subsidiaries (collectively referred to the “Group”) are mainly engaged in the manufacturing and selling of floating glass, specialized glass, engineering glass, energy saving glass, silicon related materials and solar panels.

The financial statements were authorized for issue by the board of directors on 1 August 2014.

### IV. Principal accounting policies, accounting estimates and early errors

#### 1. Basis for the preparation of financial statements

The financial statements have been prepared in accordance with the Basic Standards and 38 Specific Standards of the Accounting



standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, and the Application Guidance for Accounting Standards for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (hereafter referred to as “the Accounting Standards for Business enterprises” or “CAS”), and “Information Disclosure Rule No. 15 for Companies with Public Traded Securities - Financial Reporting General Provision”(2010 Amendment) issued by China Security Regulatory Commission.

As at 30 June 2014, the Group had net current liabilities of about RMB 2.17 billion and committed capital expenditure of RMB 721 million. The directors of the Company has assessed the following facts and conditions: a) the Group has been able to generate positive operating cash flows in prior years and expect to do so during the coming year; b) the Group has maintained good relationship with banks so the Group has been able to successfully get adequate financing credit; As at 30 June 2013, the Group had unutilised internal banking facilities of approximately RMB 9.6 billion, including the long-term banking facilities of approximately RMB 2.8 billion. In addition, the Group also has other available financing channels, such as short-term financing bills. The directors are of view that the above banking facilities can meet the funding requirements of the Group’s debt servicing and capital commitment. Accordingly, the directors of the Company had adopted the going concern basis in the preparation of this financial statement of the Company and the Group.

## **2. Statement of compliance with the Accounting Standards for Business Enterprises**

The financial statements of the Company for the first half year of 2014 truly and completely present the financial position as of 30 June 2014 and the operating results, cash flows and other information for January to June of 2014 of the Group and the Company in compliance with the Accounting Standards for Business Enterprises.

## **3. Accounting period**

The Company’s accounting year starts on 1 January and ends on 31 December.

## **4. Recording currency**

The recording currency is Renminbi (RMB).

## **5. Accounting process method of Business combinations under common and different controlling.**

### **(1)Business combinations involving entities under common control**

The assets and liabilities that the combining party obtains in a business combination shall be measured on the basis of their carrying amount in the combined party. As for the balance between the carrying amount of the net assets obtained by the combining party and the carrying amount of the consideration paid by it, the additional paid-in capital shall be adjusted. If the additional paid-in capital is not sufficient to be offset, the retained earnings shall be adjusted. Costs directly attributable to business combination are recorded into the profits and losses once incurred. Transaction costs attributed to issue equity securities or debt securities for business combination are recorded into initial recognition amounts of equity securities or debt securities.

### **(2) Business combinations involving entities not under common control**

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at the fair value at the acquisition date. The excess of the cost of acquisition over the Group’s share of the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group’s share of fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Costs directly attributable to business combination are included in the profits and losses once incurred. Transaction costs attributed to issue equity securities or debt securities for business combination are recorded into initial recognition amounts of equity securities or debt securities.

## **6. Basis of preparation of consolidated financial statements**

### **(1) Basis of preparation of consolidated financial statements**

The scope of consolidation includes the Company and all of its subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. For the subsidiary being acquired under common control, it is included in the scope of consolidation from the date it first came under the common control with the Company, the net profit or loss of such subsidiary before the acquisition date should

also be separately disclosed in the consolidated income statement.

Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group. For subsidiaries acquired in a business combination involving entities not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable assets and liabilities at the acquisition date.

All significant inter-group balances, transactions and unrealized profits are eliminated in the consolidated financial statements. The portion of equity and net profits or losses of a subsidiary not belonging to the Company is recognized as minority interests and separately presented in equity and net profits respectively.

If the Company do not loss control of the subsidiary, the differences between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary at the transaction date are recorded in capitalization reserve for purchase from minority interests. If the capital surplus is not sufficient to be deducted, retained earnings should be adjusted.

In consolidated financial statements, the remaining equity shall be revalued on the basis of its fair value on the date on which control was lost. The sum of the consideration received on the disposal of equities and the fair value of the remaining equities less the net assets of the subsidiary company calculated on the basis of the original ownership percentage and consecutively from the purchase date shall be accounted for as investment income for the period in which control was lost. Other overall gains relevant to the equity investment in the subsidiary company originally owned shall be included in investment income for the period in which control was lost. The enterprise shall disclose in a note the fair value of the remaining equity on the date on which control was lost and the amount of any relevant gain or loss recalculated on a fair value basis.

## **7. Confirmation standard of cash and cash equivalent**

Cash and cash equivalents comprise cash in hand, deposits held at call with bank and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **8. Translating of foreign currency operations and foreign currency report form**

### **(1) Foreign currency transactions**

Foreign currency transactions are translated into RMB using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currency are translated into RMB using the spot exchange rate on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition, construction or production of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currency that are measured in terms of historical cost are translated at the balance sheet date using the spot exchange rate at the date of the transaction. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

### **(2) Translation of foreign currency financial statements**

The asset and liability items in the balance sheets for foreign operation are translated at the spot exchange rate on the balance sheet date. Among the owner's equity items, the items other than "undistributed profits" are translated at the spot exchange rate of the transaction date. The income and expense items in the income statements of overseas businesses are translated at the spot exchange rate of the transaction date. The differences arising from the above translation are presented separately in the owner's equities. The cash flows of overseas businesses are translated at the spot exchange rate on the date of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

## **9. Financial instruments**

### **(1) Categorizing of financial instruments**

Classification of financial assets

Financial assets are classified into the following categories at initial recognition: at fair value through profit or loss, loans and receivables and financial assets available-for-sale. The classification of financial assets depends on the Group's intention and ability to hold the financial assets. The Group has no financial assets at fair value through profit or loss and financial assets held to maturity.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets includes notes receivable, accounts receivable and other receivable

Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories at initial recognition. Available-for-sale financial assets are included in other current assets on the balance sheet if management intends to dispose of them within 12 months after the balance sheet date.

Classification of financial liabilities

Financial liabilities are classified into the following categories at initial recognition: the financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities in the Group mainly comprise of other financial liabilities, including payables, borrowings and corporate bonds.

Payables comprise accounts payable and other payables, which are recognised initially at fair value and measured subsequently at amortised cost using the effective interest method

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently carried at amortised costs using the effective interest method.

Other financial liabilities within one year (including one year) is presented as current liabilities, while non-current financial liabilities due with one year (including one year) is reclassified as non-current liabilities due within one year. Others are presented as non-current liabilities.

## **(2) Recognition basis and measurement of financial instruments**

Financial assets are recognised at fair value on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. Transaction costs of financial assets carried at the fair value through profit or loss are expensed in the income statement; Transaction costs of other financial assets are included in financial assets at initial recognition.

Available-for-sale financial assets are subsequently measured at fair value. Investments in equity instruments are measured at cost when they do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Loans and receivables are measured at amortised cost using the effective interest method.

A gain or loss arising from change in fair value of an available-for-sale financial asset is recognised directly in equity, except for impairment losses and foreign exchange gains and losses arising from the translation of monetary financial assets. When such financial asset is derecognised, the cumulative gain or loss previously recognised in equity is recognised in income statement. Interest on available for sale debt instrument, calculated using effective interest method, and cash dividends declared by the investee on available-for-sale equity instruments are recognised as investment income in income statement.

## **(3) Derecognition of financial assets**

Financial assets are derecognized when: i) the contractual rights to receive the cash flows from the financial assets have expired; or ii) all substantial risks and rewards of ownership of the financial assets have been transferred; or iii) the control over the financial asset has been waived even if the Group does not transfer or retain nearly all of the risks and rewards relating to the ownership of a financial asset.

On derecognition of a financial asset, the difference between the carrying amount and the aggregate of consideration received and the accumulative amount of changes of fair value originally recorded in the owner's equity is recognised in the income statement.

## **(4) Derecognition of financial liabilities**

A financial liability (or a part of financial liability) is derecognised when and only when the obligation specified in the contract is discharged or cancelled. The difference between the carrying amount of a financial liability (or a part of financial liability) extinguished and the consideration paid is recognised in the income statement.

## **(5) Determination of the fair value of the financial instruments**

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument for which the market is not active is determined by using a valuation technique. Valuation techniques include using prices of recent market transactions between knowledgeable, willing parties, reference to the current fair value of another

financial asset that is substantially the same with this instrument, and discounted cash flow analysis. When a valuation technique is used to establish the fair value of a financial instrument, management uses observable market data as much as possible and relies as little as possible on the Group-specific inputs.

## (6) Impairment of financial assets

The Group assesses the carrying amount of financial assets at each balance sheet date. If there is objective evidence that the financial asset is impaired, the Group shall determine the amount of any impairment loss accounts.

Objective evidence which indicates the occurrence of impairment for available-for-sale equity instruments includes significant or non-temporary decrease of fair value of equity instruments investment. The Group conducts individual inspection on each available-for-sale equity instruments investment at balance sheet date, if the fair value of the available-for-sale equity instrument is less than its initial investment cost for more than 50% (including 50%) or less than its initial investment cost continually for more than 1 year, that means impairment incurred; if the fair value of the available-for-sale equity instrument is less than its initial investment cost for more than 20% (including 20%) but has not reached 50%, the Group will comprehensively consider other factors such as price volatility to determine whether the equity instrument investment has been impaired.

If an impairment loss on a financial asset carried at amortized cost has been incurred, the amount of loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset recovered and the recovery can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and the amount of reversal is recognized in income statement.

If the impairment for available-for-sale financial assets occurs, the cumulative loss arising from the decline in fair value that had been recognized directly in equity is removed from equity and recognized as impairment loss. For an available for sale debt instrument, if there is objective evidence that the value of the financial asset recovered and the recovery can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and the amount of reversal is recognized in income statement. For an available for sale equity instrument, if there is objective evidence that the value recovered and the recovery can be objectively related to an event occurring after the impairment loss recognized, the previously recognized impairment loss is reversed and directly recognized in equity.

## 10. Recognition standard impairment and receivables

Receivables comprise accounts receivable and other receivables. Accounts receivable arising from sale of goods or rendering of services are initially recognized at fair value of the contractual payments from the buyer.

### (1) Bad debt provision on receivable accounts with major amount individually

Basis of recognition or standard amount of Receivables that are individually significant	The basis or amount for individually significant receivables is individually greater than 20 million.
Basis of bad debt provision	Receivables that are individually significant are subject to separate impairment assessment. A provision for impairment of the receivable is recognized if there is objective evidence that the Group will not be able to collect the full amounts according to the original terms.

### (2) Receivables that are provided for provision on a basis of group

Name of the portfolio	Basis of bad debt provision	Basis of recognition for groups
Portfolio 1	according to percentage of balance method	Receivables from third parties not impaired after separate assessment
Portfolio 2	according to percentage of balance method	Receivables from related parties

Accounts on age basis in the portfolio:

Applicable    Non-applicable

Accounts on percentage basis in the portfolio:

Applicable   Non-applicable

Name of the portfolio	Percentage of provision for accounts receivable(%)	Percentage of provision for other receivables(%)
Portfolio 1	2%	2%
Portfolio 2	0%	0%

Accounts on other basis in the portfolio:

Applicable   Non-applicable

### **(3) The method of provision for impairment of receivables that are individually significant**

Reason for providing bad debt individually:	A provision for impairment of the receivable is recognized if there is objective evidence that the Group will not be able to collect the full amounts according to the original terms.
Basis of bad debt provision:	The provision for impairment of the receivable is established at the difference between the carrying amount of the receivable and the present value of estimated future cash flows.

## **11. Inventories**

### **(1) Inventory classification**

Inventories include manufacturing sector, presented at the lower of cost and net realisable value.

### **(2) Pricing of inventory to be delivered**

Pricing method: weighted average

Manufacturing sector inventories include raw materials, work in progress, finished goods and turnover materials. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour and an allocation of all production overhead expenditures incurred based on normal operating capacity.

### **(3) The determination of net realisable value and the method of provision for impairment of inventories**

Provisions for declines in the value of inventories are determined at the carrying value of the inventories net of their net realizable value. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and relevant taxes.

### **(4) Inventory system**

Inventory system: Perpetual inventory

### **(5) Low-value consumption goods and package material amortisation method**

Low-value consumption goods

Amortization method: one-off amortization method

Package materials

Amortization method: one-off amortization method

## **12. Long-term equity investments**

### **(1) Recognition of investment costs**

For long-term equity investments acquired through a business combination: for long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the

carrying amount of owners' equity of the party being absorbed at the combination date; for long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost. For long-term equity investments acquired not through a business combination: for long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued. If the shares granted to the employee of subsidiaries are settled in equity instruments of the Company, the expenses, being determined at the fair value of the equity instruments on grant date, related to the employees' service in current period are recognized as part of the cost of investments in subsidiaries.

## **(2) Subsequent measurement and recognition of related profit and loss**

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognized as investment income in profit or loss. For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly. For long-term equity investments accounted for using the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. The Group discontinues recognising its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognising the investment losses and the provisions. For changes in owners' equity of the investee other than those arising from its net profit or loss, the Group records its proportionate share directly into capital surplus, provided that the Group's proportion of shareholding in the investee remains unchanged. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee. The unrealised profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, and then based on which the investment gains or losses are recognised. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealised loss is not eliminated.

## **(3) Basis for determining existence of control, jointly control or significant influence over investees**

Control is the power to govern the financial and operating policies of the investee so as to obtain benefits from its operating activities. In determining whether the Company is able to exercise control over the investee, the effect of potential voting rights over the investee is considered, such as convertible debts and warrants currently exercisable, etc. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

## **(4) Impairment test and providing of impairment provisions**

The carrying amount of long-term equity investments in subsidiaries and associates is reduced to the recoverable amount when the recoverable amount is less than the carrying amount. Once the impairment loss is recognized, it is not allowed to be reversed for any value recovered in the subsequent periods.

# **13. Fixed assets**

## **(1) Recognition of fixed assets**

Fixed assets comprise buildings, machinery and equipment, motor vehicles, computer and electronic equipment and office equipment. Fixed asset is recognized when it is probable that the economic benefits associated with the fixed asset will flow to the Group and its cost can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition. Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the

economic benefits associated with the fixed asset will flow to the Group and its cost can be reliably measured. The carrying amount of those parts that are replaced is derecognized and all the other subsequent expenditures are recognized in income statement when they are incurred.

## (2) Depreciation of different fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets being provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful life of fixed assets, net salvage value rate and annual depreciation rates are as follows:

Categories	Depreciation age (year)	Salvage Value Rate (%)	Annual depreciation rate (%)
Houses & buildings	20-35	5%	2.71%~4.75%
Equipment & machinery	8-15	5%	6.33%~11.88%
Transportation equipment	5-8	0%	12.5%~20%

## (3) Impairment test and providing of impairment provisions on fixed assets

The carrying amount of fix assets is reduced to the recoverable amount when the recoverable amount is less than the carrying amount.

## (4) Other remarks

A fixed asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognized in income statement.

## 14 Construction in process

### (1) Categories of construction in process

Construction in progress is measured at actual cost. Actual cost comprises construction costs, Installation costs, borrowing costs that are eligible for capitalization incurred before the assets are ready for their intended use and other costs necessary to bring the fixed assets ready for their intended use.

### (2) Standard and timing for transferring of construction in process to fixed assets

Construction in progress is transferred to fixed assets when the assets are ready for their intended use and are depreciate from the next month.

### (3) Impairment test and providing of impairment provisions on construction-in-process

The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is less than the carrying amount.

## 15. Borrowing costs

### (1) Principle of the recognition of capitalized borrowing costs

The borrowing costs that are directly attributable to the acquisition and construction of a fixed asset that needs a substantially long period of time of acquisition and construction for its intended use commence to be capitalized. The borrowing costs recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced.

## **(2) Capitalizing period of borrowing costs**

The capitalization of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use, the borrowing costs incurred thereafter are recognized in income statement.

## **(3) Temporarily suspension of capitalizing period**

Capitalization of borrowing costs is suspended when the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

## **(4) Calculating of borrowing costs capitalizing**

For the specific borrowings obtained for the acquisition or construction of a fixed asset qualifying for capitalization, the amount of borrowing costs eligible for capitalization is determined by deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalization period.

For the general borrowings obtained for the acquisition or construction of a fixed asset qualifying for capitalization, the amount of borrowing costs eligible for capitalization is determined by applying the weighted average effective interest rate of general borrowings, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The effective interest rate is the rate at which the estimated future cash flows during the period of expected duration of the borrowings or applicable shorter period are discounted to the initial amount of the borrowings.

## **16. Intangible assets**

### **(1) Pricing of intangible assets**

Intangible assets including land use rights and, patents and exploitation rights, intangible assets are measured at cost.

### **(2) Estimation of service life of intangible assets with limited useful life**

#### **(a) Land use rights**

Land use rights are amortized on the straight-line basis over the period of the land use rights from 30 to 70 years. If it is impracticable to allocate the amount paid for the purchase of land use rights and buildings between the land use rights and the buildings on a reasonable basis, the entire amount is accounted for as fixed assets.

#### **(b) Patents**

Patents are amortized on a straight-line basis over periods as stipulated by the contracts.

#### **(c) Exploitation rights**

The estimated useful life and amortization method for an intangible asset with an indefinite useful life is reviewed, and adjusted if appropriate at each financial year-end.

#### **(d) Periodical review of useful life and amortisation method**

The estimated useful life and amortisation method for an intangible asset with an indefinite useful life is reviewed, and adjusted if appropriate at each financial year-end.

### **(3) Providing of intangible asset impairment provisions**

The carrying amount of intangible asset is reduced to the recoverable amount when the recoverable amount is less than the carrying amount.



#### **(4) Dividing of research stage and development stage of internal R&D projects**

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can finally create an intangible asset.

#### **(5) Accounting of internal R&D expenses**

Expenditure on the research phase is recognized in profit or loss in the period in which it is incurred. Expenditure on the development phase is recognized as an intangible asset only if all of the following standards are met:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- it can be demonstrated how the intangible asset will generate economic benefits;
- adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development phase can be reliably measured.

Other development expenditures that do not meet the conditions above are recognized in income statement as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Capitalized expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date the asset is ready for its intended use.

### **17. Long-term prepaid expenses**

Long-term prepaid expenses represent prepayments that should be amortized over more than one year. Long-term prepaid expenses are amortized on the straight-line basis over the expected beneficial period and are presented at cost net of accumulated amortization.

### **18. Provisions**

#### **(1) recognition of provisions**

Provisions for restructuring, product warranties and onerous contracts are recognized when the Group has a present obligation, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably. Provisions are not recognized for future operating losses.

#### **(2) measure of provisions**

Provisions are initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency such as the risks, uncertainties and the time value of money are taken into account as a whole in reaching the best estimate of an estimated liability. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the estimated liability arising from passage of time is recognized as interest expense.

On each balance sheet date, balances of provisions are reviewed and adjusted where necessary, to reflect the current best estimate.

### **19. Share-based Payment and equity instruments**

#### **(1) Category of Share-based Payment**

Share-based payment is a transaction in which the entity received services from employee or other parties in exchange of equity instruments of the entity, or settlement based on the price of the entity's equity instruments. Share-based payment plan is be classified

as either equity-settled share-based payments or cash-settled share-based payments. The Group's restricted A share incentive scheme which is equity-settled share based payment to receive employee service by transferring equity instruments to employees in subsidiaries is measured at fair value of the equity instruments granted on grant date. If subsequent information indicates that the number of equity instruments expected to vest differs from previous estimate, the Group shall revise the estimate accordingly and adjust the number of shares to actual exercised.

## **(2) Method for determination of equity instrument fair value**

The fair value of equity instruments of subsidiaries is determined by the appraisal institutions.

## **(3) The basis of determining the number of equity instruments expected to be vest**

On each balance sheet date during the vesting period, the Group revise its estimates of the number of equity instruments that are expected to vest based on the latest employee turnover rate and other information.

## **20. Revenue**

### **(1) Recognition time for sales of goods**

The Group mainly sells flat and engineer glass and products related to solar energy. For domestic sales, the Group delivers the products to a certain place specified in the contract. When the buyer takes over the goods, the Group recognizes revenue. For export sales, the Group recognizes the revenue when it finished clearing goods for export and delivering the goods on board the vessel, or when the goods are delivered to a certain place specified in the contract. For above sales, when the buyer takes over the goods, the buyer has the right to sell the products, and should bear the risk of price fluctuation or goods damage.

### **(2) Recognition of income from using rights of transfer assets**

Interest income is recognised on a time-proportion basis using the effective interest method.

### **(3) Recognition of income from service providing**

Income from service providing is recognized when the Group finished providing the service.

## **21. Government grants**

### **(1) Categories**

Government grants are the monetary asset the Group receives from the government for free, including tax refund, government subsidies, etc.

### **(2) Accounting policy**

Grants from the government are recognized when there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions. Government grants are measured at the amounts received or receivable. The non-monetary government grant are measured at fair value, if the fair value cannot be reliably obtained, it is measured at nominal amount.

Government grants relating to assets are those granted by the government for the purchase of long-term assets. Government grants relating to income are those other than the government grants relating to assets.

Government grants relating to assets are recognized as deferred income and are credited to the income statement on a straight-line basis over the expected lives of the related assets. The government grants measured at nominal amount is credited to the income statement directly.

Government grants relating to income, which is used to compensate the expenses/costs incurred in future, are recognized as deferred

income and then credited to the income statement over the period necessary to match them with the expenses that they are intended to compensate. Government grants relating to income, which is used to compensate the expenses/costs incurred in the past, are credited to the income statement directly.

## **22. Deferred tax asset and deferred tax liability**

### **(1) Basis for recognition of Deferred tax asset**

Deferred tax assets are calculated and recognized based on the differences arising between the tax base of assets and liabilities and their carrying amount (temporary differences). Deferred tax assets are only recognized for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilized. When it is probable that the temporary differences arising from investments in subsidiaries and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilized, the corresponding deferred tax assets are recognized.

### **(2) Basis for recognition of deferred income tax liabilities**

Deferred tax liabilities are calculated and recognized based on the differences arising between the tax base of assets and liabilities and their carrying amount (temporary differences). Deferred tax liabilities are recognized for temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset and presented on net basis when:

- The deferred taxes are relate to the same taxable entity with same taxation authority, and;
- That entity has a legally enforceable right to offset current tax assets against current tax liabilities.

## **23. Operating lease and finance lease**

### **(1) Accounting of operating lease**

Lease payments under an operating lease are recognised on a straight-line basis over the period of the lease.

## **24. Held-for-sale assets**

### **(1) Recognition of held-for-sale assets**

The conditions for a non-current asset or disposal group to be classified as held-for-sale are as follows: 1) The Group has determined to dispose non-current assets or part of business; 2) The Group has signed an irrevocable transfer agreement with assignee; 3) The sale should be completed, or expected to be so, within a year from the date of the classification.

### **(2) Accounting treatment of held-for-sale assets**

Non-current assets or disposal groups (not including financial assets and deferred tax assets) that are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. The difference between fair value less costs to sell and carrying amount should be presented as impairment loss.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, which is single part of operation and draw up financial statements.

## **25. Changes of major accounting policy and assumption**

Is there any change of major accounting policy or assumption in the report period?

Yes  No

See the following explanation:

### **Critical accounting assumptions**

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Corporate income tax

The Group is subject to income taxes in numerous jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes in each of these jurisdictions. The Group recognizes income taxes in each jurisdiction based on estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Deferred tax

Estimates on deferred tax assets are based on estimates on amount of taxable income and applicable tax rate for every year. Change of the future tax rate as well as the reversed time of temporary difference might have effects on tax expense (income) and the balance of deferred tax assets or liabilities. Those estimates may also cause significant adjustment on deferred tax.

(c) Impairment of long-term assets (excluding goodwill)

Long-term assets at the balance sheet date should be subject to impairment testing if there are any indications of impairment. The management determines whether the long-term assets impaired or not by evaluating and analysing following aspects: (1) whether the event affecting assets impairment occurs; (2) whether the expected obtainable present value of future cash flows is lower than the asset's book value by continually using the assets or disposal; and (3) whether the assumptions used in expected obtainable present value of future cash flows are appropriate.

The Company made various assumptions, including the future cash flows and discount rate related to non-current assets. If these assumptions cannot be conformed, the recoverable amount should be modified, and the long-term assets may be impaired accordingly.

(d) The useful life of fixed assets

The management estimates the useful life of fixed assets, based on historical experiences on using fixed assets that have similar properties and functions. When there are differences between actually useful life and previously estimation, the management will adjust estimation to useful life of fixed assets. The fixed assets would be written off or written down when fixed assets been disposed or became redundant. There will be difference between the results of estimation and actual results next accounting period, so that may have significant adjustments to fixed assets in balance sheet.

## (1) Changes of major accounting policy

Is there any change of major accounting policy in the report period?

Yes  No

## (2) Changes of major accounting assumption

Is there any change of major accounting assumption in the report period?

Yes  No

## V. Taxation

### 1. Main categories and rates of taxes

Tax items	Tax basis	Tax rate
Value added tax ("VAT")	Taxable value added amount (Tax payable is calculated using the taxable sales amount multiplied by the effective tax rate less current period's deductible VAT input )	17%
Business tax	Taxable turnover	5%
Urban construction tax	Total VAT, Business tax and GST	1%-7%

Enterprise income tax	Taxable income	15%-25%
Building tax	a certain proportion of the residual value of the property	1.2%
Resource tax	Quantities of Silica sold	RMB 3 per ton

## 2. Preferential tax and approving documents

Tianjin CSG Architectural Glass Co., Ltd. was recognized as a high and new tech enterprise in 2012, and obtained the Certificate of High and New Tech Enterprise. The period of validity is three years. It applies to 15% tax rate three years since 2012.

Tianjin CSG Energy Conservation Glass Co., Ltd. was recognized as a high and new tech enterprise in 2012, and obtained the Certificate of High and New Tech Enterprise. The period of validity is three years. It applies to 15% tax rate three years since 2012.

Dongguan CSG Architectural Glass Co., Ltd. was recognized as a high and new tech enterprise in 2013, and obtained the Certificate of High and New Tech Enterprise. The period of validity is three years. It applies to 15% tax rate three years since 2013.

Sichuan CSG Energy Conservation Glass Co., Ltd. was being applied for preferential tax for Western Development, and corporate income tax rate 15% was provisionally applied for calculation of corporate income tax during the report period.

Wujiang CSG East China Architectural Glass Co., Ltd. was recognized as a high and new tech enterprise in 2011, valid up to 2013. The review of its high and new tech enterprise status was under processing. Corporate income tax rate 15% was provisionally applied for calculation of corporate income tax during the report period.

Dongguan CSG Solar Glass Co., Ltd. was recognized as a high and new tech enterprise in 2011, valid up to 2013. The review of its high and new tech enterprise status was under processing. Corporate income tax rate 15% was provisionally applied for calculation of corporate income tax during the report period.

Yichang CSG Polysilicon Co., Ltd. was recognized as a high and new tech enterprise in 2011, valid up to 2013. The review of its high and new tech enterprise status was under processing. Corporate income tax rate 15% was provisionally applied for calculation of corporate income tax during the report period.

Dongguan CSG PV-tech Co., Ltd. was recognized as a high and new tech enterprise in 2013, and obtained the Certificate of High and New Tech Enterprise. The period of validity is three years. It applies to 15% tax rate three years since 2013.

Hebei Panel Glass Co., Ltd. was recognized as a high and new tech enterprise in 2013, and obtained the Certificate of High and New Tech Enterprise. The period of validity is three years. It applies to 15% tax rate three years since 2013.

## 3. Other statements

The Company has used the “exempt, credit, refund” method on goods exported and the refund rate is 5%-17%.

## VI. Consolidating of entities and consolidated financial statements

### 1. Particulars of the subsidiaries

#### (1) Subsidiaries obtained through incorporation or investment

Unit: RMB

Full name of the subsidiary	Ownership of the subsidiary	Reg. Add.	Business property	Registered capital	Business Scope	Actual investment at year end	Balance of other items actually formed net investment in the subsidiaries	Share proportion %	Voting power %	Consolidated	Minor shareholders' equity	Amount for deducting minor shareholders' equity in the minor shareholders' equity	Balance of the owners' equity of parent co. after deducting of the exceeding part of minority shareholders' share of loss over the share of minority shareholders in the owners' equity at beginning of year
Chengdu CSG Glass Co., Ltd.	Direct	Chengdu, the PRC	Manufacturing	166,660,000	Development & Production & sales of specialized glass	124,995,000		75%	75%	YES	81,940,982		
Sichuan CSG Energy Conservation Glass Co., Ltd.	Direct	Chengdu, the PRC	Manufacturing	80,000,000	Processed glass	60,000,000		75%	75%	YES	36,902,331		
Tianjin CSG Architectural Glass Co., Ltd.	Direct	Tianjin, the PRC	Manufacturing	178,000,000	Processed glass	178,000,000		100%	100%	YES			
Tianjin Energy Conservation Glass Co., Ltd.	Direct	Tianjin, the PRC	Manufacturing	128,000,000	Development & Production & sales of energy-saving specialized glass	128,000,000		100%	100%	YES			
Dongguan CSG Architectural Glass Co., Ltd.	Direct	Dongguan, the PRC	Manufacturing	240,000,000	Processed glass	240,000,000	170,000,000	100%	100%	YES			
Dongguan CSG Solar Glass Co., Ltd.	Direct	Dongguan, the PRC	Manufacturing	416,000,000	Production & sales of solar glass	416,000,000		100%	100%	YES			
Yichang CSG Silicon Co., Ltd.	Direct	Yichang, the PRC	Manufacturing	1,467,980,000	Production & sale of silicon related materials	766,390,000		100%	100%	YES			
Wujiang CSG North-east Architectural Glass Co., Ltd.	Direct	Wujiang, the PRC	Manufacturing	320,000,000	Processed glass	320,000,000		100%	100%	YES			
Dongguan CSG PV-tech Co., Ltd.	Direct	Dongguan, the PRC	Manufacturing	516,000,000	Production of solar battery and applications	294,000,000		100%	100%	YES			
Hebei CSG Glass Co., Ltd.	Direct	Yongqing, the PRC	Manufacturing	USD 48,060,000	Production & sales of specialized glass	295,703,568		100%	100%	YES			

Wujiang CSG Glass Co., Ltd.	Direct	Wujiang, the PRC	Manufacturing	465,040,000	Production & sales of specialized glass	465,040,000		100%	100%	YES			
China Southern Glass (Hong Kong) Limited	Direct	Hong Kong	Trading	HKD 86,440,000	Trading and investment holding	68,616,072		100%	100%	YES			
Hebei Panel Glass Co., Ltd.	Direct	Yongqing, the PRC	Manufacturing	243,000,000	Production & sales of ultrathin electronic glass	243,000,000		100%	100%	YES			
Xianning CSG Glass Co Ltd	Direct	Xianning, the PRC	Manufacturing	235,000,000	Development & Production & sales of specialized glass	245,280,000		100%	100%	YES			
Xianning CSG Energy Conservation Glass Co., Ltd.	Direct	Xianning, the PRC	Manufacturing	165,000,000	Processed glass	123,750,000		75%	75%	YES	51,066,837		
Qingyuan CSG Energy Saving New Materials Co., Ltd	Direct	Qingyuan, the PRC	Manufacturing	300,000,000	Development & Production & sales of Nonmetallic mineral products	300,000,000		100%	100%	YES			
Jiangyou CSG Mining Development Co., Ltd.	Direct	Jiangyou, the PRC	Manufacturing	40,000,000	Production and sales of silica sand and its products	40,000,000		100%	100%	YES			

Other notes of subsidiaries by establishment or investment

i. The proportion of voting power is determined on the proportion of the Company's directors to the total directors of the subsidiary.

a. Approved by the document [2013] No. 413 of Sichuan Industry and Commerce Bureau, the Company's subsidiary, Chengdu CSG Glass Co., Ltd. was divided into two companies Chengdu CSG Glass Co., Ltd. and Sichuan Energy Conservation Glass Co., Ltd. by the way of existence and division. The establishment date of Sichuan Energy Conservation Glass Co., Ltd. was January 6, 2014.

b. Approved by the document [2014] No. 5 of Xianning Industry and Commerce Bureau, the Company's subsidiary, Xianning CSG Glass Co., Ltd., was divided into two companies Xianning CSG Glass Co., Ltd. and Xianning Energy Conservation Glass Co., Ltd. by the way of existence and division. The establishment date of Xianning Energy Conservation Glass Co., Ltd. was March 18, 2014.

c. On December 25, 2013, the Company signed an agreement with Yichang Liyuan Technology Development Co., Ltd. (abbr. "Liyuan") to acquire 6.03% equity of Yichang CSG Polysilicon Co., Ltd. (abbr. "Yichang CSG Polysilicon") held by Liyuan. The transfer procedure was completed on January 20, 2014.

d. On June 9, 2014, the Company's subsidiary, CSG (Hong Kong) Limited signed an agreement with Jinfeng Co., Ltd. (abbr. "Jinfeng") to acquire 25% equity of Xianning CSG Glass Co., Ltd. (abbr. "Xianning CSG") held by Jinfeng. The transfer procedure was completed on June 25, 2014.

Difference between the net book value of assets acquired and the acquisition cost analyzed as follows:

	total	Xianning CSG	Yichang polysilicon
Cost of purchase-cash paid	124,944,929	69,030,000	55,914,929
Book net asset book on the basis of new equity ratio calculation	(117,284,199)	(64,063,838)	(53,220,361)
difference(Offset against capital reserve)	7,660,730	4,966,162	2,694,568

**(2) Subsidiary acquired through business combination involving entites not under common control**

Unit: RMB

Full name of the subsidiary	Ownership of the subsidiary	Reg. Add.	Business property	Registered capital	Business Scope	Actual investment at year end	Balance of other items actually formed net investment in the subsidiaries	Share proportion %	Voting power %	Consolidated	Minor shareholders' equity	Amount for deducting minor shareholder's equity in the minor shareholder's equity	Balance of the owners' equity of parent co. after deducting of the exceeding part of minority shareholders' share of loss over the share of minority shareholders in the owners' equity at beginning of year
China Southern Glass (Australia) Limited	Direct	Australia	Trading	AUD 500,000	Trading of glass	2,903,200		51%	51%	YES	2,569,445		
Yichang Nanbo Photoelectric Glass Co., Ltd.	Direct	Yichang, the PRC	Manufacturing	200,000,000	Production & sales of ultrathin electronic glass	157,461,200		73.58%	66.70%	YES	55,051,529		



## 2. Change of consolidation range

Change of consolidation range:

applicable  Not applicable

New entities included in the consolidation range in the report period compared with the same period of last year

a. Approved by the document [2013] No. 413 of Sichuan Industry and Commerce Bureau, the Company's subsidiary, Chengdu CSG Glass Co., Ltd. was divided into two companies Chengdu CSG Glass Co., Ltd. and Sichuan Energy Conservation Glass Co., Ltd. by the way of existence and division. The establishment date of Sichuan Energy Conservation Glass Co., Ltd. was January 6, 2014.

b. Approved by the document [2014] No. 5 of Xianning Industry and Commerce Bureau, the Company's subsidiary, Xianning CSG Glass Co., Ltd., was divided into two companies Xianning CSG Glass Co., Ltd. and Xianning Energy Conservation Glass Co., Ltd. by the way of existence and division. The establishment date of Xianning Energy Conservation Glass Co., Ltd. was March 18, 2014.

c. On 11 March 2014, the Company signed an agreement with third party, Truly Wealth Limited to purchase its 2% shares of China Southern Glass (Australia) Limited. On 1 April 2014, the transfer procedure was completed, therefore, the Company obtained the control right and China Southern Glass (Australia) Limited incorporated into the consolidation range of the Company. The equity of China Southern Glass (Australia) Limited held by the Company increased from 49% to 51%. On the combination day, the Company gained AUD 16,107 of net assets of China Southern Glass (Australia) Limited with dealing price of AUD 10,000.

Entities excluded in the consolidation range in the report period compared with the same period of last year

On 11 September 2013, the Company signed an irrevocable equity transfer agreement with third party, Golden Time Investment Consultant (Shenzhen) Co., Ltd. to dispose its 100% shares of Shenzhen CSG Float Glass Co., Ltd. at RMB 918,000,000. The disposal was completed in April 2014 and the disposal subsidiary was excluded the consolidation range of the Company.

## 3. The new subsidiaries in the scope of the consolidation and the subsidiaries not in the scope of consolidation in the report period

Subsidiaries, entities with special purpose, or entities on which the Company has controlling power through entrusted operation or leasing added to the consolidation range in the report period.

Unit: RMB

Name	Net assets at the end of the period	net profit of the period
China Southern Glass (Australia) Limited (i)	5,243,766	2,317,630

Subsidiaries, entities with special purpose, or entities on which the Company has controlling power through entrusted operation or leasing excluded from the consolidation range in the report period.

Unit: RMB

Name	Net asset of disposal day	Net profit from year beginning to disposal day
Shenzhen CSG Float Glass Co., Ltd (ii)	606,752,936	-3,233,271

Other statements on entities included to or excluded from the consolidation range in the report period

## 4. Business combination involving entities not under common control in the report period

On 11 March 2014, the Company acquired 2% in China Southern Glass (Australia) Limited from Truly Wealth Co. Ltd. On 1 April 2014, the transfer procedure was completed, and the equity was increased to 51% when the Company obtained the control of China Southern Glass (Australia) Limited. On the combination day, The Company obtained net asset of AUD 16,107 with transfer price of AUD 10,000.

Whether there was corporate merger realized through multiple transactions and gained control in the report period

applicable  Not applicable

## 5. Loss of subsidiary resulted from disposal of equity interest in the report period

Name of subsidiary	Disposal date	Recognition method of gains/loss
Shenzhen CSG Float Glass Co., Ltd (i)	2014-4-30	See the followings

Other statements on **loss of subsidiary resulted from disposal of equity interest**

- i. On 11 September 2013, the Group signed an irrevocable equity transfer agreement with third party, Golden Time Investment Limited, to dispose its 100% shares of Shenzhen CSG Float Glass Co., Ltd at RMB 918,000,000. The disposal was completed on April 2014.
- a. Disposal consideration and cash flow are shown as follows:

	Shenzhen CSG Float Glass Co., Ltd
Disposal consideration	918,000,000
Cash and cash equivalents received	918,000,000
Including: Cash and cash equivalents received	468,000,000
Less: Cash held by disposed company	4,839,877
Net cash received in the year 2014	463,160,123

- b. Net assets of disposed companies are as follows:

Shenzhen CSG Float Glass Co., Ltd

	处置日	2013年12月31日
Current asset	57,070,456	31,639,616
Non-current asset	900,746,922	898,367,347
Current liability	333,839,442	86,270,756
Non-current liability	17,225,000	233,750,000
Net asset	606,752,936	609,986,207

- c. Profit or loss from disposal are shown as follows:

	Shenzhen CSG Float Glass Co., Ltd
Consideration	918,000,000
Add: Fair value of retained equity interests on disposal date	
Add: Minority interest of disposed companies on disposal date	
Add: Other comprehensive income of disposed companies recycled to profit and loss	
Less: Net assets of disposed companies on disposal date	606,752,936
Investment income	311,247,064

- d. Revenue, cost and loss from 1 January 2014 to the date of disposal date are shown as follows:

	Shenzhen CSG Float Glass Co., Ltd
Revenue	15,302,711

Less: Cost and expenses	19,613,738
<b>Total Loss</b>	<b>-4,311,027</b>
Less: Income tax	-1,077,756
<b>Net Loss</b>	<b>-3,233,271</b>

## 6. Exchange rate for the translation of the major foreign operations' financial statements

	Asset and Liability Items	
	30 June 2014	31 December 2013
China Southern Glass (Hong Kong) Limited	1HKD =0.7938RMB	1HKD =0.7862 RMB
China Southern Glass (Australia) Limited	1AUD=5.8064 RMB	1AUD =5.4301 RMB

Shareholders' equity items, income, expenses and cash flow items other than undistributed profit are calculated by adopting spot exchange rate at the transaction date.

Whether there was dispose realized through multiple transactions and lost control in the report period

applicable  Not applicable

## VII. Notes to key items in the consolidated financial statements

### 1. Monetary fund

Unit: RMB

Items	End of term			Beginning of term		
	Amount of foreign currency	Exchange rate	Amount RMB	Amount of foreign currency	Exchange rate	Amount RMB
Cash :	--	--	22,746	--	--	32,108
RMB	--	--	17,608	--	--	28,169
HKD	5,010	0.7938	3,977	5,010	0.7862	3,939
AUD	200	5.8064	1,161		5.4301	
EUR		8.3946			8.4189	
Cash at bank:	--	--	286,306,259	--	--	276,313,987
RMB	--	--	257,214,259	--	--	257,353,099
HKD	3,745,591	0.7938	2,973,250	5,657,232	0.7862	4,447,716
AUD	2,926,166	5.8064	16,990,490		5.4301	
USD	1,402,077	6.1528	8,626,699	2,367,220	6.0969	14,432,704
EUR	59,748	8.3946	501,561	9,558	8.4189	80,468
JPY		0.0608			0.0578	
Other monetary balances	--	--	1,407,230	--	--	3,326,428
RMB	--	--	1,332,885	--	--	3,326,428
HKD		0.7938			0.7862	
AUD	12,804	5.8064	74,345		5.4301	
<b>Total</b>	--	--	<b>287,736,235</b>	--	--	<b>279,672,523</b>

If any mortgage, pledge or freeze on the use of constraints, stored in the offshore, the potential recovery of payment with risk should

be made a separate description

Other cash balances include margin deposits for issuing letters of credit and bank acceptance notes, amounted to RMB1,200,791 (31 December 2013: RMB3,221,655), which is restricted cash.

## 2. Notes receivable

### (1) Categories of notes receivable

Unit: RMB

Categories	End of term	Beginning of term
Trade acceptance notes	29,614,019	25,249,258
Bank acceptance notes	277,727,159	298,640,232
Total	307,341,178	323,889,490

### (2) Bill receivable pledged at the end of the period

Unit: RMB

Billing unit	Billing date	Due date	amount	Note
Global Canadian Solar (Suzhou)	2014-5-15	2014-11-15	6,750,000	
Suntech	2014-5-30	2014-11-30	5,000,000	
Wuhan Lingyun Architectural Decoration Engineering Co. Ltd.	2014-5-4	2014-11-04	4,603,992.85	
Guangzhou Jianghe Curtain Wall system Engineering Co. Ltd	2014-3-11	2014-9-11	4,369,186.24	
Shenyang Yuanda Aluminium Industry Engineering Co., Ltd	2014-4-28	2014-10-28	4,000,000	
Total	--	--	24,723,179.09	--

## 3. Account receivable

### (1) Account receivable presented on categories

Unit: RMB

Categories	End of term				Beginning of term			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %
Receivables provided bad debt provision in Portfolios								
Portfolio1	246,533,341	100%	5,013,649	2%	135,011,681	96%	2,779,130	2%
Portfolio2	4,096,621	0%	0	0%	4,198,132	3%	0	0%
Sub-total of Portfolios	250,629,962	100%	5,013,649	2%	139,209,813	99%	2,779,130	2%
Account receivable with minor individual amount but bad debt provision is provided	1,191,530	0%	1,191,530	100%	1,176,952	1%	1,176,952	100%
Total	251,821,492	--	6,205,179	--	140,386,765	--	3,956,082	--

Remarks on categories of receivable accounts:

As at 30 June 2014, accounts receivable of RMB1,191,530 (31 December 2013: RMB1,176,952) was not individually significant but provided for bad debts separately, It represented the trade receivables of Dongguan South Glass Photovoltaic Technology co., LTD. ("Dongguan South CSG PV"). Due to the business dispute, Dongguan South CSG PV made full provision against this receivable.

Receivable accounts with large amount individually and bad debt provisions were provided

Applicable  Non-applicable

Receivable accounts on which bad debt provisions are provided on age analyze basis in the portfolio

Applicable  Non-applicable

Receivable accounts on which bad debt provisions are provided on percentage analyze basis in a portfolio

Applicable  Non-applicable

Unit: RMB

Name of portfolio	Book balance	Proportion %	Bad debt provision
Portfolio 1	246,533,341	2%	5,013,649
Portfolio 2	4,096,621	0%	0
Total	250,629,962	--	5,013,649

Receivable accounts on which bad debt provisions are provided by other ways in the portfolio

Applicable  Non-applicable

Receivable accounts with minor amount but on which bad debt provisions are provided individually at end of period

Applicable  Non-applicable

Unit: RMB

Description of the receivable accounts	Book balance	Amount of bad debt	Providing rate (%)	Reason
loan	1,191,530	1,191,530	100%	Due to the business dispute, made full provision against this receivable.
Total	1,191,530	1,191,530	--	--

## (2) Top 5 debtors in the receivable accounts

Unit: RMB

Name of the companies	Relation with the Company	Amount	Ages	Portion in total receivables(%)
Company A	Independent third party	32,656,571	Within 1 year	13%
Company B	Independent third party	26,764,397	Within 1 year	11%
Company C	Independent third party	22,128,297	Within 1 year	9%
Company D	Independent third party	17,817,406	Within 1 year	7%
Company E	Independent third party	10,196,163	Within 1 year	4%
Total	--	109,562,834	--	44%

## (3) Receivable accounts of associated enterprise

Unit: RMB

Name	Relationship with the Company	Amount	Proportion of the total amount
Shenzhen CSG Display Technology Co. Ltd	associated enterprise	4,096,621	1.62%
Total	--	4,096,621	1.62%

## 4. Other account receivable

### (1) Other receivable account on categories

Unit: RMB

Categories	End of term	Beginning of term
------------	-------------	-------------------

	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %
Other receivables provided bad debt provision in Portfolios								
Portfolio1	41,884,680	100%	493,729	1.18%	89,233,730	81%	359,449	0.40%
Portfolio2					20,491,742	19%		
Sub-total of Portfolios	41,884,680	100%	493,729	1.18%	109,725,472	100%	359,449	0.30%
Total	41,884,680	--	493,729	--	109,725,472	--	359,449	--

Statement on categories of other receivable accounts:

Other receivable accounts with large amount and were provided bad debt provisions individually at end of period.

Applicable  Non-applicable

Other receivable accounts in the portfolio on which bad debt provisions were provided on age analyze basis

Applicable  Non-applicable

Other receivable accounts in the portfolio on which bad debt provisions were provided on percentage basis

Applicable  Non-applicable

Unit: RMB

Name of portfolio	Book balance	proportion%	Bad debt provision
portfolio 1	41,884,680	1.18%	493,729
Total	41,884,680	--	493,729

Other receivable accounts in the portfolio on which bad debt provisions were provided on other basis

Applicable  Non-applicable

Other receivable accounts with minor amount but were provided bad debt provisions individually at end of period

Applicable  Non-applicable

## (2) Top 5 debtors of other receivable accounts

Unit: RMB

Name of the companies Industrial	Relation with the Company	Amount	Ages	Portion in total other receivables (%)
Company A	Independent third party	17,093,750	Within 1 year	41%
Company B	Independent third party	5,670,669	Within 1 year	14%
Company C	Independent third party	5,050,000	Within 1 year	12%
Company D	Independent third party	1,240,500	Within 1 year	3%
Company E	Independent third party	1,000,000	Within 1 year	2%
Total	--	30,054,919	--	72%

## 5. Prepayment

### (1) Prepayment presented by ages:

Unit: RMB

Age	End of term		Beginning of term	
	Amount	Proportion ratio (%)	Amount	Proportion ratio (%)
within 1 year	113,812,518	95.44%	64,425,812	87.80%
1-2 years	830,039	0.70%	1,194,891	1.63%
2-3 years	355,376	0.30%		
Over 3 years	4,248,801	3.56%	7,757,626	10.57%

Total	119,246,734	--	73,378,329	--
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**(2) Top 5 receivers of prepayments**

Unit: RMB

Name of the companies	Relation with the Company	Amount	Date	Reason of unsettled
Supplier A	Independent third party	12,131,001	2014	Prepayment for gas
Supplier B	Independent third party	8,575,917	2014	Prepayment for equipment purchase
Supplier C	Independent third party	7,848,951	2014	Prepayment for equipment purchase
Supplier D	Independent third party	6,346,318	2014	Prepayment for equipment purchase
Supplier E	Independent third party	6,035,909	2013	Prepayment for equipment purchase
Total	--	40,938,096	--	--

**(3) Statements on prepayments**

The balances of advance to suppliers are dominated in RMB.

**6. Inventories****(1) Categories of inventory**

Unit: RMB

Items	End of term			Beginning of term		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Raw materials	175,484,780	1,861,067	173,623,713	172,776,858	3,460,876	169,315,982
Product in process	20,382,822		20,382,822	11,390,574		11,390,574
Products in stock	213,187,553	21,650	213,165,903	159,807,342	674,152	159,133,190
Material in circulation	35,986,109		35,986,109	38,844,966		38,844,966
Total	445,041,264	1,882,717	443,158,547	382,819,740	4,135,028	378,684,712

**(2) Inventory impairment provision**

Unit: RMB

Categories	Balance of book value at beginning of term	Provided this term	Decreased this term		Balance of book value at end of term
			Written back	Transferred	
Raw materials	3,460,876			1,599,809	1,861,067
Products in stock	674,152			652,502	21,650
Total	4,135,028			2,252,311	1,882,717

**(3) Inventory impairment provisions**

Items	Basis of providing impairment provision	Reason of written back	Percentage of amount written back in the balance of the
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			inventory at end of report term
Raw materials	The amount of book value reduce net realizable value		
Products in stock	The amount of book value reduce net realizable value		

## 7. Other current assets

Unit: RMB

Items	End of term	Beginning of term
fixed assets held for sale		714,861,781
construction in progress held for sale		96,289,101
intangible assets held for sale		41,240,723
Deductible input value-added tax	187,292,116	169,072,490
Total	187,292,116	1,021,464,095

## 8. Available-for-sale financial asset

### (1) Available-for-sale financial assets

Unit: RMB

Items	Fair value at the end of term	Fair value at the beginning of term
Available-for-sale equity instruments	135,900,000	122,760,000
Total	135,900,000	122,760,000

The held-to-maturity investments in this term are reclassified as available-for-sale financial assets, the amount of the reclassification in this term is RMB0. This amount holds 0% of the proportion of total of held-to-maturity investments before reclassification.

Statement on available-for-sale financial assets:

Available-for-sale equity instrument is the Group's investment in Guangdong Golden Glass Technologies Limited("Golden Glass"). The Group held 18,000,000 shares of Golden Glass and had 8.33% voting rights.

The fair value of the available for sale equity instrument was determined by reference to the quoted market price of Golden Glass. this year, the fair value loss (net of income tax) is RMB 10,115,238 (Jan.to Jun. 2013:income of RMB 9,083,510) had been included in capital reserve.

## 9. Investment to joint venture and associated enterprise

Unit: RMB

Name of the invested unit	Equity proportion held by the Company	Proportion of the right to vote for the Company in the investor	Total asset at the end of the period	Total liabilities at the end of the period	Total net asset at the end of the period	Total revenue of the period	Net profit of the period
1. Joint venture							
2. Associated enterprise							
Shenzhen CSG Display Technology Co., Ltd	44.70%	44.70%	1,540,983,231	694,446,708	846,536,523	302,446,982	154,510,001

## 10. Long-term equity investment

### (1) Details of long-term equity investment

Unit: RMB



Company invested in	Calculating basis	Initial costs	Beginning balance	Changed by	Ending balance	Percentage of share in the firm %	Voting power in the firm %	Statement on differences between the shareholding and voting rights	Impairment provision	Impairment provision provided this term	Cash dividend of the current term
Shenzhen CSG Display Technology Co., Ltd	Cost Method	186,330,000	768,204,865	-16,610,279	751,594,586	44.70%	44.70%				26,235,364
Total	--	186,330,000	768,204,865	-16,610,279	751,594,586	--	--	--			26,235,364

## 11. Fixed assets

### (1) Particulars of fixed assets

Unit: RMB

Items	Balance of book value at beginning of term	Increased this term		Decreased this term	Balance of book value at end of term
I. Original cost	10,106,051,239	1,644,005,883		137,304,182	11,612,752,940
Buildings	2,625,181,542	248,055,947			2,873,237,489
Machinery and equipment	7,316,514,097	1,381,357,844		133,692,548	8,564,179,393
Motor vehicles and others	164,355,600	14,592,092		3,611,634	175,336,058
--	Balance of book value at beginning of term	Increased this term	Provided current term	Decreased this term	Balance at end of current term
II. Accumulated depreciation	2,075,468,020		333,251,017	51,804,372	2,356,914,665
Buildings	315,226,370		41,282,699		356,509,069
Machinery and equipment	1,653,676,371		273,869,504	48,453,266	1,879,092,609
Motor vehicles and others	106,565,279		18,098,814	3,351,106	121,312,987
--	Balance of book value at beginning of term	--			Balance at end of current term
III. Total book value	8,030,583,219	--			9,255,838,275
Buildings	2,309,955,172	--			2,516,728,420
Machinery and equipment	5,662,837,726	--			6,685,086,784
Motor vehicles and others	57,790,321	--			54,023,071
IV. Total provision for impairment loss	50,645,536	--			47,835,722
Machinery and equipment	50,645,536	--			47,835,722
V. Net book value	7,979,937,683	--			9,208,002,553
Buildings	2,309,955,172	--			2,516,728,420
Machinery and equipment	5,612,192,190	--			6,637,251,062
Motor vehicles and others	57,790,321	--			54,023,071

The depreciation charged in this term was RMB 333,251,017. The amount of fixed assets transferred from constructions in progress was RMB 1,639,837,651.

### (2) Fixed asset not licensed yet

Items	Reason for not granted	Expected date of grant
Buildings	Have submitted the required documents and are in the process of	In the next two years

	application, or the related land use right certificate pending	
--	--	--

Statement on fixed asset:

The depreciation charged in Jan. to Jun. 2014 was RMB 333,251,017 (Jan. to Jun. 2013: RMB 304,963,365). The amount charged into cost of sale, selling expense and administrative expense was RMB 315,822,549, RMB 642,394 and RMB 16,786,074 (Jan. to Jun. 2013: RMB284,824,722, RMB770,512 and RMB19,368,131).

The amount of fixed assets transferred from constructions in progress was RMB 1,639,837,651 (Jan. to Jun. 2013: RMB 554,954,873), included original value of constructions in progress RMB 1,785,070,454 and provision for impairment RMB 145,232,803.

As at 30 June 2014, Buildings Ownership Certificates for certain buildings of the Group with carrying amounts of RMB997,718,443 (cost of RMB1,112,971,938) (31 December 2013: carrying amount of RMB1,071,562,332, cost of RMB1,175,670,613) had not yet been obtained by the Group. Included were certain buildings with carrying amounts of RMB 63,366,758 (cost of RMB 69,109,024) (31 December 2013: carrying amount of RMB65,318,561, cost of RMB69,109,024) because the land ownership certificates of the lands on which these buildings located had not been obtained. The Company's directors consider that there is no legal restriction for the Group to apply for and obtain the Buildings Ownership Certificates and there will not be any significant adverse impact on the operations of the Group.

## 12. Construction in process

### (1) Particulars of construction in process

Unit: RMB

Items	Amount at end of term			Amount at beginning of term		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Yichang Polysilicon cold hydrogenation, technological transformation project of distillation system, reduction furnace and CDI system technically improvement project				1,525,226,129	144,480,698	1,380,745,431
Xianning CSG energy conservation environmental protection material project	16,511,501		16,511,501	5,484,208		5,484,208
Wujiang photovoltaic encapsulation material project	493,867,785		493,867,785	389,766,964		389,766,964
Xianning CSG energy-saving glass project	240,090,821		240,090,821	138,872,425		138,872,425
Yichang 700MW silicon slice expansion project third phase	211,369,420		211,369,420	80,510,116		80,510,116
Wujiang CSG project	68,761,365		68,761,365	58,282,399		58,282,399
Dongguan PV 200MW solar cell expansion project	233,201,179		233,201,179	198,993,042		198,993,042
Yichang CSG ultrathin glass project	301,510,546		301,510,546	211,049,240		211,049,240
Qingyuan CSG high-performance ultrathin glass project	116,303,872		116,303,872	28,936,268		28,936,268
Yichang CSG expansion project of electronic-grade polysilicon with annual production capacity of 1000 tons	25,399,510		25,399,510			
Chengdu CSG Architectural expansion project	31,546,587		31,546,587	12,481,916		12,481,916

Dongguan CSG solar on-line coated project	227,571,263	34,169,351	193,401,912	225,650,441	34,169,351	191,481,090
Others	32,054,277		32,054,277	66,567,106	752,105	65,815,001
Total	1,998,188,126	34,169,351	1,964,018,775	2,941,820,254	179,402,154	2,762,418,100

**(2) Movement of significant project**

Unit: RMB

Projects	Budget	Beginning of term	Increased this term	Transferred into fixed assets	Other decreases	Investment on budget (%)	Progress	Accumulate of interest capitalized	Including: interest capitalized this term	Capitalizing rate of interest this period %	Fund recourse	End of term
Yichang Polysilicon cold hydrogenation, technological transformation project of distillation system, reduction furnace and CDI system technically improvement project(ii)	1,760,000,000	1,525,226,129	47,097,187	1,572,323,316		91%	100%	34,447,648	10,609,882	5.10%	Internal fund and bank loan	
Xianning CSG energy conservation environmental protection material project	599,340,000	5,484,208	24,181,976	13,154,683		88%	97%				Internal fund and bank loan	16,511,501
Wujiang photovoltaic encapsulation material project	579,800,000	389,766,964	104,100,821			83%	95%	5,430,299	1,147,448	5.78%	Internal fund and bank loan	493,867,785
Xianning CSG energy-saving glass project	264,672,252	138,872,425	104,103,917	2,885,521		86%	90%	5,827,123	3,818,370	6.21%	Internal fund and bank loan	240,090,821
Yichang 700MW silicon slice expansion project third phase(iii)	1,980,000,000	80,510,116	130,865,457	6,153		20%	35%	11,333,249	795,483	5.10%	Internal fund and bank loan	211,369,420
Wujiang CSG project	845,630,000	58,282,399	11,812,180	1,333,214		99%	99%				Internal fund and bank loan	68,761,365
Dongguan PV 200MW solar cell expansion project	697,000,000	198,993,042	34,244,405	36,268		67%	70%	797,723	797,723	5.16%	Internal fund and bank loan	233,201,179
Yichang CSG ultrathin glass project	320,000,000	211,049,240	90,461,306			94%	99%	1,687,854	1,527,654	5.46%	Internal fund and bank loan	301,510,546
Qingyuan CSG high-performance	471,660,000	28,936,268	87,367,604			35%	60%				Internal fund	116,303,872

ultrathin glass project													
Yichang CSG expansion project of electronic-grade polysilicon with annual production capacity of 1000 tons	112,485,200		25,399,510			17%	37%	129,597	129,597	5.10%	Internal fund and bank loan	25,399,510	
Chengdu CSG Architectural expansion project(ii)	222,817,517	12,481,916	153,829,512	134,764,841		58%	58%				Internal fund and bank loan	31,546,587	
Dongguan CSG solar on-line coated project	390,000,000	225,650,441	10,116,209		8,195,387	35%	35%				Internal fund and bank loan	227,571,263	
Others		66,567,106	26,813,435	60,566,458	759,806			1,110,143	366,778		Internal fund and bank loan	32,054,277	
Total	8,243,404,969	2,941,820,254	850,393,519	1,785,070,454	8,955,193	--	--	60,763,636	19,192,935	--	--	1,998,188,126	

Statements on movement of significant projects:

(i) The proportion of project expenditure incurred to the budget was determined by the accumulative expenditures incurred divided by the total budget. Some projects due to parts of the projects had been completed and were transferred into fixed assets.

(ii) The budget of the project contained the amount from fixed assets to construction in progress.

(iii) The budget incurred for these kinds of projects included cost of acquiring land use rights. The balance of construction in progress did not include the costs of acquiring land-use right.

**(3) Impairment provisions of construction in process**

Unit: RMB

Items	Beginning of term	Increased this term	Decreased this term	End of term	Reason to provide
Yichang Polysilicon cold hydrogenation, technological transformation project of distillation system, reduction furnace and CDI system technically improvement project(ii)	145,232,803		145,232,803		transferred into fixed asset
Dongguan CSG solar on-line coated project	34,169,351			34,169,351	Provision is determined by the difference between carrying amount and estimated net selling price.
Total	179,402,154		145,232,803	34,169,351	--

**(4) Progress of material construction in process**

Items	Progress	Note
Yichang Polysilicon cold hydrogenation, technological transformation project of distillation system, reduction furnace and CDI system technically improvement project	100%	complete
Xianning CSG energy conservation environmental protection material project	97%	Physical progress of the construction work
Wujiang photovoltaic encapsulation material project	95%	Physical progress of the construction work
Xianning CSG energy-saving glass project	90%	Physical progress of the construction work
Yichang 700MW silicon slice expansion project third phase	35%	Physical progress of the construction work
Wujiang CSG project	99%	Physical progress of the construction work
Dongguan PV 200MW solar cell expansion project	70%	Physical progress of the construction work
Yichang CSG ultrathin glass project	99%	Physical progress of the construction work
Qingyuan CSG high-performance ultrathin glass project	60%	Physical progress of the construction work
Yichang CSG expansion project of electronic-grade polysilicon with annual production capacity of 1000 tons	37%	Physical progress of the construction work
Chengdu CSG Architectural expansion project	58%	Physical progress of the construction work
Dongguan CSG solar on-line coated project	35%	Physical progress of the construction work

**13. Intangible assets****(1) Particulars of intangible assets**

Unit: RMB

Items	Balance of book value at the beginning of term	Increased this term	Decreased this term	Balance of book value at the end of term
Total original cost	1,050,129,092	30,259,983		1,080,389,075
Land use rights	930,748,447			930,748,447
Patents	93,906,914	29,985,955		123,892,869
Exploitation rights	4,456,536			4,456,536
Others	21,017,195	274,028		21,291,223
Accumulated amortisation	103,589,084	15,022,106		118,611,190
Land use rights	66,982,288	9,491,268		76,473,556

Patents	26,893,388	3,390,001		30,283,389
Exploitation rights	2,104,160	257,374		2,361,534
Others	7,609,248	1,883,463		9,492,711
<b>Net book value</b>	<b>946,540,008</b>	<b>15,237,877</b>		<b>961,777,885</b>
Land use rights	863,766,159	-9,491,268		854,274,891
Patents	67,013,526	26,595,954		93,609,480
Exploitation rights	2,352,376	-257,374		2,095,002
Others	13,407,947	-1,609,435		11,798,512
<b>Provision for impairment</b>	<b>13,210,480</b>			<b>13,210,480</b>
Land use rights				
Patents	13,201,347			13,201,347
Exploitation rights				
Others	9,133			9,133
<b>Net book value</b>	<b>933,329,528</b>	<b>15,237,877</b>		<b>948,567,405</b>
Land use rights	863,766,159	-9,491,268		854,274,891
Patents	53,812,179	26,595,954		80,408,133
Exploitation rights	2,352,376	-257,374		2,095,002
Others	13,398,814	-1,609,435		11,789,379

The amortisation amount is RMB15,022,106 in this term.

## (2) R&D expenses

Unit: RMB

Items	Beginning of term	Increased this term	Decreased this term		End of term
			Accounted into current income account	Recognized as intangible asset	
R&D expenses	9,881,310	58,906,288	52,410,627	5,926,905	10,450,066
<b>Total</b>	<b>9,881,310</b>	<b>58,906,288</b>	<b>52,410,627</b>	<b>5,926,905</b>	<b>10,450,066</b>

The development expenditures account for 62% of total research and development expenditures.

The intangible assets arising from internal research and development accounted for 7.13% of total of intangible assets.

Description of the development project of the company, including value of more than RMB 1 million in this period and the assessed value accounted for basis, shall disclose the name of evaluation institution and evaluation methods

In Jan. to Jun. 2014, the total amount of research and development expenditures of the Group is RMB 94,805,902 (Jan. to Jun. 2013: RMB78,002,898), including RMB88,311,535 (Jan. to Jun. 2013: RMB70,449,270) recorded in income statement, RMB5,926,905 (Jan. to Jun. 2013: RMB1,294,436) was recognized as intangible assets. In Jan. to Jun. 2014, the development expenditures account for 62% of total research and development expenditures (Jan. to Jun. 2013: 58%). As at 30 June 2014, the intangible assets arising from internal research and development accounted for 7.13% of total of intangible assets (31 December 2013: 6.61%).

## 14. Goodwill

Unit: RMB

Name of the companies or goodwill item	Beginning balance	Increased this term	Decreased this term	Ending balance	Impairment provision at end of term
Tianjin CSG Architectural Glass Co., Ltd.	3,039,946	0	0	3,039,946	0
<b>Total</b>	<b>3,039,946</b>	<b>0</b>	<b>0</b>	<b>3,039,946</b>	<b>0</b>

Notes to impairment testing method and the impairment of goodwill

The goodwill is allocated to following cash generating unit or group of cash generating unit:

30 June 2014

31 December 2013

Architectural Glass segment	3,039,946	3,039,946
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The Goodwill was caused by the Company's acquisition of minority shareholders' equity of Tianjin CSG Architectural Glass Co., Ltd. The directors of the company considered that the goodwill was not impaired at 30 June 2014.

The management determined the recoverable amount of goodwill based on estimation of present value of the future cash flows from the cash generating unit. The future cash flows are prepared based on the 5 years cash flow forecast approved by management. The profit margin and growth rate used in the cash flows forecast are determined by management's historical experiences and expectation of future market development. The discount rate adopted was pre-tax rate and reflected the special risk related to the cash generating unit.

## 15. Long-term expenses to be amortized

Unit: RMB

Items	At the beginning of term	Increased this term	Amortized this term	Other decrease	At the end of term	Reason of other decreasing
Expenses to be amortized	3,280,021	129,008	512,325		2,896,704	
Total	3,280,021	129,008	512,325		2,896,704	--

## 16. Deferred income tax asset and deferred income tax liabilities

### (1) Deferred income tax assets and liabilities are presented as net amount after neutralization

Deferred income tax assets and liabilities after neutralization

Unit: RMB

Items	Deferred income tax assets at end of term	The temporary differences at end of term	Deferred income tax assets at beginning of term	The temporary differences at beginning of term
Deferred income tax assets:	107,855,079	622,384,734	164,787,158	945,930,458
Deferred income tax liabilities:	34,118,278	257,952,356	34,298,029	294,630,776

Particulars of deferred income tax assets and liabilities after neutralization

Unit: RMB

Items	amount after neutralization
Deferred income tax assets:	28,564,427
Deferred income tax liabilities:	28,564,427

## 17. Detail of asset impairment provision

Unit: RMB

Items	Balance of book value at beginning of term	Increased this term	Decreased this term		Balance of book value at end of term
			Written back	Transferred	
I. Bad debt provision	4,315,531	2,766,413	383,036		6,698,908
II. Inventory impairment provision	4,135,028			2,252,311	1,882,717
VII. Fixed asset impairment provision	50,645,536			2,809,814	47,835,722
IX. Construction in process impairment provision	179,402,154			145,232,803	34,169,351
XII. Intangible asset	13,210,480				13,210,480



impairment provision					
Total	251,708,729	2,766,413	383,036	150,294,928	103,797,178

## 18. Other non-current assets

Unit: RMB

Items	End of term	Beginning of term
Prepayment of land premium	6,510,000	6,510,000
Total	6,510,000	6,510,000

## 19. Short-term loans

### (1) Categories of short-term loans

Unit: RMB

Items	End of term	Beginning of term
Guaranteed	263,295,208	139,743,800
Unsecured	495,000,000	185,000,000
Short-term finance bonds	1,200,000,000	1,100,000,000
Total	1,958,295,208	1,424,743,800

Statement on short-term loans:

As at 30 June 2014, loans of certain subsidiaries of the Company amounting to RMB263,295,208 (31 December 2013: RMB139,743,800) were guaranteed by the Company, of which the minority shareholders provided a back to back guarantee to the Company amounting to RMB16,217,180 (31 December 2013: RMB13,577,007).

Approved by file No. [2014] CP11 of Inter Bank Market Trading Association, the Company is entitled to issue short term financial bonds, up to 14 January 2016. The company has issued short term bonds of RMB500,000,000 on 14 March 2014, and will mature on 14 March 2015, with an annual interest rate of 5.65%.

Approved by file No. [2013]CP20 of Inter Bank Market Trading Association, the Company is entitled to issue short term financial bonds, up to 25 January 2015. The Company issued short term bonds of RMB1,100,000,000 on 7 March 2013, and matured on 7 March 2014, with an annual interest rate of 4.26%. It was paid back in the report period. On 27 June 2014, the Company continued to issue the 2nd batch of short-term financing bills for the year with a total amount of RMB 700,000,000 and annual interest rate of 5.10%, and the expiry date is 27 June 2015.

As at 30 June 2014, the weighted average interest rate of short-term borrowings was 5.82% per annum (31 December 2013: 5.52%).

## 20. Notes payable

Unit: RMB

Categories	End of term	Beginning of term
Bank acceptance notes	8,221,924	4,429,188
Total	8,221,924	4,429,188

Amount due in next fiscal period is RMB 8,221,924.

Statement on notes payable

All notes payable are due within one year.

## 21. Account payable

### (1) Particulars of account payable

Unit: RMB

Items	End of term	Beginning of term
-------	-------------	-------------------

Account payable for materials	483,709,102	451,221,943
Account payable for constructions	133,070,276	183,742,269
Account payable for equipments	302,147,621	269,562,625
Account payable for freight	66,439,273	56,828,669
Others	15,496,427	20,260,943
Total	1,000,862,699	981,616,449

## (2) Statement on payable accounts due for over one year

As at 30 June 2014, accounts payable over 1 year is approximately RMB135,803,483 (31 December 2013: RMB 94,719,853), which mainly comprised of payables for construction works. As the construction works were not passing the final acceptance test, the balance was not yet settled.

## 22. Accounts received in advance

### (1) Particulars of accounts received in advance

Unit: RMB

Items	End of term	Beginning of term
Advances from customers	149,764,555	160,689,070
Total	149,764,555	160,689,070

### (2) Statement on large amount prepayment received and due for over one year

The balances were substantively dominated in RMB and with the aging within 1 year.

## 23. Employee benefits payable

Unit: RMB

Items	Balance of book value at beginning of term	Increased this term	Decreased this term	Balance of book value at end of term
Wages and salaries, bonuses, allowances and subsidies	98,204,242	330,871,410	360,325,610	68,750,042
Labor union and employee education funds	13,677,569	5,245,988	4,765,321	14,158,236
Social security contributions	7,080	37,865,445	37,849,223	23,302
Included: Pension	5,121	26,655,965	26,647,311	13,775
Medical	1,296	7,434,972	7,430,121	6,147
Unemployment	367	1,840,224	1,838,768	1,823
Injury	181	1,225,480	1,224,510	1,151
Maternity	115	708,804	708,513	406
Housing funds	1,688,347	13,724,960	13,736,391	1,676,916
Others	52,800,000	27,000,000	52,329,400	27,470,600
Total	166,377,238	414,707,803	469,005,945	112,079,096

The amount of overdue employee benefits payable is RMB 0.

The amount the trade union funds and employee education expense is RMB5,245,988. The amount of non-monetary

welfare is RMB 0. The compensation for labor relations is RMB 0.

The issued time and amount of employee benefits payable

As at 30 June 2014, there was no overdue payroll and welfare expense. The balances will be settled in 2013.

Pursuant to the resolution in the 15th meeting of the third session board of directors of the Company on 28 January 2005, the board of directors adopted a management bonus scheme which is based on the annual return on net assets and the net profit for the year. During the period, management bonus RMB 27,000,000 (Jan. – June 2013: RMB 9,000,000) were accrued and charged to profit and loss.

## 24. Tax payable

Unit: RMB

Items	End of term	Beginning of term
Value-added-tax payable	11,096,652	29,120,147
Corporate income tax payable	71,232,493	103,256,466
Urban maintenance and construction tax	1,844,983	2,905,195
Education surcharge	3,531,527	4,201,672
Housing property tax payable	4,439,479	12,493,565
Others	7,451,072	8,777,658
Total	99,596,206	160,754,703

## 25. Interest payable

Unit: RMB

Items	End of term	Beginning of term
Interest payable for long-term borrowings	918,699	1,501,744
Interest for corporate bonds	74,505,379	21,205,379
Interest payable for short-term borrowings	5,099,575	1,398,983
Interest payable for short-term financing	6,261,389	36,661,428
Total	86,785,042	60,767,534

## 26. Dividends payable

Unit: RMB

Name of the company	End of term	Beginning of term	Reason for unpaid over one year
Shareholders	687,627	687,627	
Total	687,627	687,627	--

Statement on dividends payable

As at 30 June 2014, the balance of the dividends payable represented those declared before the reform of shareholder structure of the Company but not yet able to pay to then shareholders.

## 27. Other account payable

### (1) Particulars of other account payable

Unit: RMB

Items	End of term	Beginning of term
Advanced received for the disposal of equity interests		450,000,000
Guarantee deposits received from	78,644,037	65,810,543

construction contractors		
Accrued operating expense (i)	25,294,407	23,158,690
Temporary receipts	44,521,722	6,144,727
Withholding income tax	5,574,643	2,597,520
labour cost payable	1,911,773	8,000,696
Payable for acquisition of Minority Interests (ii)	69,030,000	
Others	6,773,172	1,418,407
Total	231,749,754	557,130,583

### Statement on large amount other payable accounts due for over one year

The balances are substantively dominated in RMB.

#### (2) Statement on large amount other payable accounts

(i) Accrued operating expenses represent expenses that have incurred but not yet invoiced, including utilities expenses, professional service charges, travel fees and etc.

There were no shareholders' interests of voting power up to 5% (including 5%) as well as payments for related parties.

The balances are substantively dominated in RMB.

(ii) Payable for acquisition of Minority Interests was because the Company's subsidiary, CSG (Hong Kong) Limited and Fung Ltd. signed an agreement with Jinfeng Co., Ltd. (abbr. "Jinfeng") for the acquisition of 25% equity share of a subsidiary of the Company, Xianning CSG Glass Co., Ltd. held by Jinfeng. The transfer procedure was completed on June 25, 2014, and the amount was paid completed on July 9, 2014.

### 28. Non-current liabilities due within one year

#### (1) Particulars of non-current liabilities due within one year

Unit: RMB

Items	End of term	Beginning of term
Long-term borrowing due within 1 year	182,026,370	399,849,715
Total	182,026,370	399,849,715

#### (2) Long-term loans due within 1 year

Long-term loans due within 1 year

Unit: RMB

Items	End of term	Beginning of term
guaranteed	182,026,370	106,074,515
credit		293,775,200
Total	182,026,370	399,849,715

The amount of overdue loans to renew of long term loans due within one year is RMB 0.

Top 5 long-term loans due within 1 year

Unit: RMB

Loan provided by	Beginning Date	Maturity date	Currency	Interest rate %	End of term		Beginning of term	
					Amount of foreign currency	Amount of original currency	Amount of foreign currency	Amount of original currency

Bank A	2011-4-27	2014-11-20	USD	3.83%	3,750,000	23,073,000	3,750,000	22,863,375
Bank B	2013-1-5	2015-3-27	RMB	6.15%		13,333,333		13,333,333
Bank C	2011-8-3	2014-8-2	RMB	6.46%		10,000,000		10,000,000
Bank B	2012-12-6	2015-3-27	RMB	6.15%		8,666,667		8,666,667
Bank B	2012-8-8	2015-3-27	RMB	6.15%		7,666,667		7,666,667
Total	--	--	--	--	--	62,739,667	--	62,530,042

## 29. Other current liability

Unit: RMB

Items	Closing balance of book value	Opening balance of book value
Accrued liabilities-other(Placer mining environmental recovery fee)	300,000	300,000
Total	300,000	300,000

## 30. Long-term borrowings

### (1) Categories of long-term borrowings

Unit: RMB

Items	End of term	Beginning of term
Guarantee	275,992,783	302,904,204
Total	275,992,783	302,904,204

Statement on categories of long-term borrowings:

As at 30 June 2014, loans of certain subsidiaries of the Company were guaranteed by the Company, of which, the minority shareholders provided a back to back guarantee to the Company amounting to RMB68,126,126 (31 December 2013: RMB74,536,483). The interest should be paid monthly or quarterly. The principals will be repaid between March 2015 and April 2019.

### (2) Top 5 long-term borrowings

Unit: RMB

borrowings provided by	Beginning date of borrowing	Ending date of borrowing	Currency	Interest rate(%)	End of term		Beginning of term	
					Amount of foreign currency	Amount of original currency	Amount of foreign currency	Amount of original currency
Bank D	2013-8-30	2016-8-29	RMB	6.27%		47,000,000		47,000,000
Bank E	2014-5-4	2017-5-4	RMB	6.15%		25,000,000		
Bank B	2013-6-27	2017-6-26	RMB	6.40%		18,750,000		30,000,000
Bank B	2013-7-12	2017-7-11	RMB	6.40%		18,750,000		30,000,000
Bank F	2014-3-24	2017-3-23	RMB	6.15%		18,000,000		
Total	--	--	--	--	--	127,500,000	--	107,000,000

Statement on categories of long-term borrowings

As at 30 June 2014, the amount of overdue loans to renew in the long-term borrowings was RMB 0. The weighted average interest rate of long-term borrowings was 6.18% per annum (31 December 2013: 5.76%).

## 31. Bond payable

Unit: RMB

Bond	Face value	Date of issue	Bond term	Issuing amount	Interest payable at beginning of period	Interest occurred this period	Interest paid this period	Interest payable at end of period	Closing balance
Corporate bonds	1,000,000,000	2010-10-20	5-year	989,100,000	10,602,689.50	26,650,000	0	37,252,689.50	996,673,700.50
Corporate bonds	1,000,000,000	2010-10-20	7-year	989,100,000	10,602,689.50	26,650,000	0	37,252,689.50	996,673,700.50

Statement on bonds payable, including the condition and time of converting of the convertible bonds

According to the China Securities Regulatory Commission license [2010] No 1369 published by the China Securities Regulatory Commission, the Company issued the corporate bonds on 20 October 2010, with a par value of RMB2 billion. The Corporate Bonds include RMB1 billion that will mature in 5 years and another RMB1 billion that will mature in 7 years (“7 year Bonds”). The 7 year Bonds holders have a put option over the Company to repurchase at the end of the fifth year. The Corporate Bonds carried at fixed interest rate of 5.33% per year, the interests are paid annually, and the effective interest rate is 5.59%.

### 32. Other non-current liabilities

Unit: RMB

Items	Closing balance of book	Opening balance of book
Deferred income	414,180,279	432,364,880
Total	414,180,279	432,364,880

Statement on other non-current liabilities, including asset-related and income-related government subsidy and closing balances:

Deferred income related to governmental grants :

Unit: RMB

items of liabilities	Opening balance	Grants newly increased	Included in non-business income	Other changes	Closing balance	Related to assets or income
Xianning CSG Golden Solar Project(i)	60,104,917		1,515,250		58,589,667	Related to assets
Tianjin CSG Architectural Glass CSG Golden Solar Project(ii)	46,366,000		1,164,000		45,202,000	Related to assets
Dongguan CSG Architectural Glass CSG Golden Solar Project(iii)	33,583,584		914,000		32,669,584	Related to assets
Hebei CSG Glass Golden Solar Project(iv)	31,810,000	5,500,000	932,750		36,377,250	Related to assets
Wujiang CSG Glass Co., Ltd(v)	54,191,230	868,804	1,390,756		53,669,278	Related to assets
Yichang Photoelectric Glass products project (vi)	41,719,660				41,719,660	Related to assets
Yichang Silicon products project (vii)	33,046,875	4,420,000	3,375,989		34,090,886	Related to assets
Chengdu Float Cogeneration project(viii)	17,091,540		827,010		16,264,530	Related to assets
Yichang CSG crucible project(ix)	11,843,870		370,552		11,473,318	Related to assets
Group Coating Film experimental project(x)	11,792,800				11,792,800	Related to assets
Xianning CSG Glass Co., Ltd(xi)	63,632,400		17,500,001		46,132,399	Related to income
other	27,182,004		983,097		26,198,907	Related to assets
Total	432,364,880	10,788,804	28,973,405		414,180,279	--

(i)The allowance was granted by Xianning Municipal Government. The allowance was used for establishing PV power station. When the facilities were set up, they belonged to Xianning CSG. The allowance will be credited to income statement in 20 years, the useful life of the PV power station.

(ii)The allowance was granted by Tianjin Municipal Government. The allowance was used for establishing PV power station. When the facilities were set up, they belonged to Tianjin CSG. The allowance will be credited to income statement in 20 years, the useful life of the PV power station.

(iii)The allowance was granted by Dongguan Municipal Government. The allowance was used for establishing PV power station. When the facilities were set up, they belonged to Dongguan CSG Architectural Glass. The allowance will be credited to income statement in 20 years, the useful life of the PV power station.

(iv)The allowance was granted by Langfang Municipal Government. The allowance was used for establishing PV power station. When the facilities were set up, they belonged to Hebei CSG. The allowance will be credited to income statement in 20 years, the useful life of the PV power station.

(v)It was granted by Wujiang local government for infrastructure construction and will be amortised and credited to income statement in 15 years, in accordance with the minimum operating period committed.

(vi)It represented the funds granted by Yichang local government for photoelectric glass project. It will be amortised and credited to income statement in 15 years, in accordance with the minimum operating period committed.

(vii)The balance represented amounts granted to Yi Chang CSG Silicon Materials Co., Ltd. (“Yichang Silicon”) by Yichang City Dongshan Development Corporation under the provisions of the investment contract signed between the Group and the Municipal Government of Yi Chang. The proceeds were designed for the construction of electricity transformer and the pipelines. Yichang Silicon is entitled to the ownership of the facilities and amortised by 15 years according to the useful life of the converting station.

(viii)It represented the funds granted by Chengdu local government for energy glass project. It will be amortised and credited to income statement in 15 years, in accordance with the minimum operating period committed.

(ix)It represented the government supporting fund obtained by Yichang CSG from the acquiring of the assets and liabilities of Crucible project of Yichang Hejing Photoelectric Ceramic Co., LTD. It will be amortised and credited to income statement in 15 years, in accordance with the minimum operating period committed.

(x)The allowance was granted by Shenzhen City Development and Reform Commission for the development of Group Coating Film experimental project. The grant will be amortised and credited to income statement in the estimated useful life of the relevant fixed assets.

(xi)The allowance was granted by Hubei Xianning Economic Development Management Center. According to the document Xian Kai Cai Fa [2013] No. 3 issued by the Center, the allowance was used to support the development of Xianning CSG during from the year 2012 to year 2015.

### 33. Share Capital

Unit: RMB

	Beginning of term	Changed in the report period (+,-)					End of term
		Issuing of new shares	Bonus shares	Transferred from reserves	Others	Sub-total	
Total of capital shares	2,075,335,560						2,075,335,560

### 34. Special reserves

Statement on special reserve

	31 December 2013	Addition	Deduction	30 June 2014
Safety production cost	14,503,860	1,503,887	672,147	15,335,600

Yichang CSG is a high risk chemical production enterprise. Therefore, the Company appropriated such reserve in accordance with relevant regulations.

**35. Capital reserves**

Unit: RMB

Items	Beginning of term	Increased this term	Decreased this term	End of term
Capital premium	1,345,264,670		7,660,730	1,337,603,940
Other reserve	46,102,218	10,478,290		56,580,508
Total	1,391,366,888	10,478,290	7,660,730	1,394,184,448

**36. Surplus reserves**

Unit: RMB

Items	Beginning of term	Increased this term	Decreased this term	End of term
Statutory surplus reserve	637,196,152			637,196,152
Discretionary surplus reserve	127,852,568			127,852,568
Total	765,048,720			765,048,720

Statement on surplus reserves:

According to the PRC Corporation Law and the regulation of the Company, the Company must accrue statutory surplus reserve at the amount of 10% of the net profit until when the accumulated statutory surplus reserve reached at least 50% of the capital. After the Company obtained the approval from shareholders' meeting, the statutory surplus reserve can be used to make up the loss, or to increase the capital. The Company didn't accrue statutory surplus reserve in the report period. (Jan. to Jun. 2013: not accrued).

The appropriation to discretion surplus reserve shall be proposed by the board of the directors of the Company and approved by the annual general meeting of the shareholders. The discretion can be utilized to offset the deficit or increase the share capital. The Company did not appropriate to discretion surplus reserve during the report period.

**37. Retained earnings**

Unit: RMB

Items	Amount	Appropriation rate
Retained earnings at the end of last year before adjustment	3,803,574,842	--
Retained earnings at the beginning of this year after adjustment	3,803,574,842	--
Add: net profits belonging to equity holders of the Company	589,210,439	--
Dividends payable	622,600,668	41%
Retained earnings in the end	3,770,184,613	--

Statement on retained earnings:

As at 30 June 2014, undistributed profit of the Group included the surplus reserve of the subsidiaries attributable to the Group amounting to RMB 657,236,398 (31 December 2013: RMB730,054,385), including: outflow of surplus reserves RMB72,817,987 due to disposal of subsidiary (Jan. to Jun. 2013: nil)The Group and its subsidiaries didn't appropriate surplus reserve in the report period(Jan. to Jun. 2013: nil).

Pursuant to the resolution of board of directors of the Company on 14 April, 2014, the Company paid dividend of RMB 3 (tax inclusive) for each 10 shares, totaling RMB 622,600,668.

**38. Revenue and cost****(1) Revenue and cost**

Unit: RMB



Items	Occurred in current term	Occurred in previous term
Revenue from main operations	3,221,711,569	3,497,819,720
Revenue from other operations	40,970,103	39,146,063
Cost	2,438,593,004	2,514,678,053

**(2) Business segments (on industries)**

Unit: RMB

Name of industry	Occurred in current term		Occurred in previous term	
	Revenue	Cost	Revenue	Cost
Floating glass	1,825,845,072	1,525,918,567	1,784,653,053	1,407,769,078
Architectural glass	1,407,038,222	964,415,998	1,220,595,760	827,810,922
ITO glass			422,609,951	254,701,359
Solar panel and parts	397,771,248	339,993,538	463,748,119	402,827,242
Elimination	-408,942,973	-411,376,355	-393,787,163	-389,292,054
Total	3,221,711,569	2,418,951,748	3,497,819,720	2,503,816,547

**(3) Business segments (on products)**

Unit: RMB

Name of product	Occurred in current term		Occurred in previous term	
	Revenue	Cost	Revenue	Cost
Floating glass	1,825,845,072	1,525,918,567	1,784,653,053	1,407,769,078
Architectural glass	1,407,038,222	964,415,998	1,220,595,760	827,810,922
ITO glass			422,609,951	254,701,359
Solar panel and parts	397,771,248	339,993,538	463,748,119	402,827,242
Elimination	-408,942,973	-411,376,355	-393,787,163	-389,292,054
Total	3,221,711,569	2,418,951,748	3,497,819,720	2,503,816,547

**(4) Business segments (on regions)**

Unit: RMB

Name of regions	Occurred in current term		Occurred in previous term	
	Revenue	Cost	Revenue	Cost
Mainland	2,899,041,165	2,193,112,046	2,965,777,457	2,122,593,911
Hong Kong	34,873,594	21,621,628	151,875,658	91,960,330
Europe	87,392,381	68,040,061	196,142,438	161,236,626
Asia (other than Mainland and Hong Kong)	117,272,638	80,049,856	122,796,161	86,374,068
North America	33,917,410	21,659,532	21,457,662	15,243,651
Australia	46,764,284	32,558,267	33,872,588	22,203,130
Other regions	2,450,097	1,910,358	5,897,756	4,204,831
Total	3,221,711,569	2,418,951,748	3,497,819,720	2,503,816,547

**(5) Revenue from top five customers**

Unit: RMB

Name of clients	Revenue	Percentage of the total revenue of the group (%)
-----------------	---------	--

The largest	167,747,655	5%
The second largest	137,906,869	4%
The third largest	90,737,319	3%
The fourth largest	57,576,990	2%
The fifth largest	56,568,190	2%
Total	510,537,023	16%

### 39. Tax and surcharge

Unit: RMB

Items	Occurred in current term	Occurred in previous term	Rate
Business tax	71,030	72,029	turnover
City maintenance and construction tax	8,095,005	12,027,909	VAT and turnover tax
Educational surcharge	7,772,638	10,674,534	VAT and turnover tax
Others	483,125	461,294	
Total	16,421,798	23,235,766	--

### 40. Selling Expenses

Unit: RMB

Items	Occurred in current term	Occurred in previous term
Freight expenses	49,873,261	52,602,148
Employee benefit expenses	41,052,113	40,642,773
Entertainment expenses	4,370,807	5,279,616
Travelling expenses	4,620,055	6,562,464
Others	14,398,844	22,855,743
Total	114,315,080	127,942,744

### 41. Administrative Expenses

Unit: RMB

Items	Occurred in current term	Occurred in previous term
Employee benefit expenses	85,457,660	71,843,198
Research and development expenses	88,311,535	70,449,270
Taxation Expenses	25,509,353	23,221,128
Depreciation expenses	16,786,074	19,368,131
Amortisation of intangible assets	15,022,106	15,750,644
Office expenses	9,281,665	10,473,231
Canteen costs	3,309,614	6,102,289
Rental expense	2,460,865	3,710,312
Entertainment expenses	2,956,059	2,893,370
Travel expense	2,927,354	2,902,757
Water and electricity expense	2,504,210	2,430,521
Carriage expense	2,381,902	2,621,354

Others	23,285,623	32,247,847
Total	280,194,020	264,014,052

#### 42. Finance Expenses

Unit: RMB

Items	Occurred in current term	Occurred in previous term
Interest expenses	99,923,026	115,875,945
Amortization of corporate bond issue costs	2,306,226	2,184,168
Less: Interest income	1,841,127	3,501,854
Foreign exchange (gain)/loss	3,357,025	-4,257,152
Others	5,280,478	9,337,156
Total	109,025,628	119,638,263

#### 43. Investment income

##### (1) Details of investment income

Unit: RMB

Items	Occurred in current term	Occurred in previous term
long-term equity investment accounted by equity method	9,407,007	
Gain from disposal of equity interests	311,247,064	
Gain from disposal of available-for-sale financial assets	108,000	432,000
Total	320,762,071	432,000

##### (2) Long-term equity investment gains on equity method

Unit: RMB

Company invested in	Occurred in current term	Occurred in previous term	Causation of change
Shenzhen CSG Display Technology Co. Ltd(i)	8,554,688		According to equity method from Dec. 2013
CSG (Australia) Co., Ltd	852,319		c According to equity method from Dec. 2013 to March 2014
Total	9,407,007		--

Statement on the return of investment, repatriation of investment income which has significant restrictions should be disclosed.

If there is no such restriction should also explain

Investment income on Shenzhen CSG Display including Shenzhen's net book profit gained in the first half year, and the amortization of its remaining stake in asset revaluation (including reversal of sold assets value of Shenzhen CSG Display).

Significant restrictions on repatriation of investment income do not exist.

#### 44. Asset impairment loss

Unit: RMB

Items	Occurred in current term	Occurred in previous term
I. Provision for bad debts	2,383,377	2,652,061
II. Provision for inventories		-425,506
Total	2,383,377	2,226,555

#### 45. Non-operating income

##### (1) Non-operating income

Unit: RMB

Items	Occurred in current term	Occurred in previous term	Amount of non-recurring gain and loss the report period
Total of gains from disposal of non-current assets	619,737	3,520,238	619,737
Incl.: Gain on disposal of fixed assets	619,737	3,520,238	619,737
Government grants	44,447,997	26,586,020	44,447,997
Default income(a)	3,700	6,317,040	3,700
Compensation income	403,692	1,327,804	403,692
Others	11,808,128	10,540,475	11,808,128
Total	57,283,254	48,291,577	57,283,254

##### (2) Details of government grants

Unit: RMB

Items	Occurred in current term	Occurred in previous term	Related to assets or income	Whether belongs to extraordinary gains/loss
Government grants amortization	28,973,405	6,990,914	Related to assets	Yes
Industry supporting fund	11,392,846	2,749,564	Related to income	Yes
Interest subsidies for technical transformation	740,800	7,550,559	Related to income	Yes
Government awards fund	1,037,505	1,810,000	Related to income	Yes
Energy saving subsidy	20,000	1,000,000	Related to income	Yes
Subsidies for research and development	463,245	1,069,724	Related to income	Yes
Others	1,820,196	5,415,259	Related to income	Yes
Total	44,447,997	26,586,020	--	--

#### 46. Non-operating expenses

Unit: RMB

Items	Occurred in current term	Occurred in previous term	Amount of non-recurring gain and loss included in the report period
Total of loss from disposal of non-current assets	1,446,174	288,211	
Incl. Loss from disposal of fixed assets	1,446,174	288,211	
Donation	20,000	80,000	

Loss on compensations		8,000,000	
Others	133,562	26,991	
Total	1,599,736	8,395,202	

#### 47. Income tax expenses

Unit: RMB

Items	Occurred in current term	Occurred in previous term
Current income tax	53,996,024	112,228,490
Deferred income tax	7,001,382	1,499,725
Total	60,997,406	113,728,215

#### 48. Calculation of basic earning per share and diluted earning per share

##### a. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Jan. to Jun. 2014	Jan. to Jun. 2013
Consolidated profit attributable to equity holders of the Company	589,210,439	353,719,746
Weighted average number of ordinary shares in issue	2,075,335,560	2,075,335,560
Basic earnings per share	0.28	0.17

##### Including:

- Earnings per share for continuing operations	0.29	0.17
- Earnings per share for discontinued operations	-0.01	-

##### b. diluted earning per share

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company, which is adjusted according to potential dilutive shares, by the adjusted weighted average number of ordinary shares in issue during the year. The Company had no potential dilutive outstanding equity instruments issued as at Jan. to Jun. 2013 (Jan. to Jun. 2012: Nil), accordingly the diluted earnings per share equals basic earnings per share.

#### 49. Other comprehensive income

Unit: RMB

Items	Occurred in current term	Occurred in previous term
1. (Losses)/Gain from available for sale financial assets	13,140,000	-11,799,757
Less: effect of income tax resulted from available for sale financial assets	3,024,762	-2,716,247
Subtotal	10,115,238	-9,083,510
4. Difference on translation of foreign currency financial statements	988,897	-1,185,709
Subtotal	988,897	-1,185,709
Total	11,104,135	-10,269,219

**50. Notes to the cash flow statement****(1)Cash received relating to other operating activities**

Unit: RMB

Items	Amount
Interest income	1,841,127
Government grant	15,474,592
Others	17,266,419
<b>Total</b>	<b>34,582,138</b>

**(2)Cash paid relating to other operating activities**

Unit: RMB

Items	Amount
Transportation expense	48,709,437
Canteen cost	14,947,648
Office expenses	14,964,148
Travelling expenses	9,748,816
Entertainment expenses	7,708,778
Vehicle use fee	6,979,520
Bank fees	5,387,563
Consultant expenses	4,158,343
Insurance expenses	7,924,670
R&D fees	9,252,825
Repairing fees	6,562,243
Others	67,503,257
<b>Total</b>	<b>203,847,248</b>

**(3)Cash received relating to other investing operating activities**

Unit: RMB

Items	Amount
Received insurance compensation	72,000,000
Government grants received relating to assets	10,788,804
Cash received for combination of China Southern Glass(Australia) Limited	16,312,506
<b>Total</b>	<b>99,101,310</b>

**(4)Cash paid relating to other investing activities**

Unit: RMB

Items	Amount
paid for current account of Shenzhen CSG(former subsidiary)	5,000,000
paid for deposit and margin	1,616,080
<b>Total</b>	<b>6,616,080</b>

**(5) Cash received relating to other financing activities**

Items	Amount
Shenzhen CSG received come-and-go money from Golden Time	330,000,000
Received return money from Shenzhen CSG Display	19,610,000
Received financing deposit and margin	3,850,920
<b>Total</b>	<b>353,460,920</b>

**51. Supplement notes of cash flow statement****(1) Supplement notes of cash flow statement**

Unit: RMB

Supplementary Info.	Amount of this term	Amount of last term
1. Net profit adjusted to cash flow of business operation	--	--
Net profit	617,196,948	411,830,510
Add: Provisions for assets impairment	2,383,377	2,226,555
Depreciation of fixed assets, gas and petrol depreciation production goods depreciation	333,251,017	304,963,365
Amortisation of intangible assets	15,022,106	15,750,644
(Gains)/Losses on disposal of fixed assets and intangible assets ("-" for gains)	826,437	-3,232,027
Finance expenses ("-" for gains)	100,371,172	117,027,042
Investment loss ("-" for gains)	-320,762,071	-432,000
Decrease in deferred tax assets ("-" for increase)	10,205,895	4,971,543
Increase of deferred income tax liability ("-" for decrease)	-3,204,513	-3,471,818
Decrease of inventory ("-" for increase)	-64,473,835	-69,029,600
Decrease of operational receivable items ("-" for increase)	-92,874,548	-189,519,421
Increase of operational payable items ("-" for decrease)	-17,013,778	116,173,919
Cash flow generated by business operation, net	580,928,207	707,258,712
2. Major investment and financing operation not involving with cash	--	--
3. Net change of cash and cash equivalents	--	--
Balance of cash at period end	286,535,444	373,131,430
Less: Initial balance of cash	276,450,869	447,736,536
Net increasing of cash and cash equivalents	10,084,575	-74,605,106

**(2) Related information of the acquisition or disposal of subsidiaries and other business units in the report period**

Supplementary Info.	Amount of this term	Amount of last term
Related information of the acquisition of subsidiaries and other business units:	--	--
3.Net cash paid for the acquisition of subsidiaries and other business units		39,001,200
Related information of the disposal of subsidiaries and other business units:	--	--
1.Price of the disposal of subsidiaries and other business units:	918,000,000	
2.cash and cash equivalents received from the disposal of subsidiaries and other business units	468,000,000	
Less: cash and cash equivalents possessed by subsidiaries and other business units	4,839,877	
3.Net cash received from the disposal of subsidiaries and other business units	463,160,123	20,000,000

**(3) Composition of cash and cash equivalents**

Unit: RMB

Items	End of term	Beginning of term
I. Cash	286,535,444	276,450,869
Incl: Cash on hand	22,746	32,108
Cash at bank without restriction	286,306,259	276,313,988
others without restriction	206,439	104,773
III. Balance of cash and cash equivalents at end of term	286,535,444	276,450,869

**VIII. Related party relationships and transactions****1. Joint ventures and associates of the Company**

Name	Type of enterprise	Place of registration	Legal representative	Nature of the business	Registered capital	Shareholding ratio	Proportion of votes	Related relationship	Organization code
1. Joint ventures									
2. associates									
CSG Shenzhen Display	Sino-foreign joint venture	Shenzhen, the PRC	Lu Wenhui	Manufacturing	143,000,000	44.70%	44.70%		723033463

**2. Related party transactions****(1)The purchase and sale of goods and receive services**

The purchase and sale of goods and receive services

Unit: RMB

Related party	Related party transactions	Pricing of related party transaction	Amount of this term		Amount of last term	
			Amount	Proportion of similar transactions accounted	Amount	Proportion of similar transactions accounted



CSG Shenzhen Display	Sales of fine glass	With reference to the market price	4,553,216	0.14%		
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## (2) Related guarantee

Statement on related guarantee

Nil.

## 3. Related receivables balance

Related receivables balance of the Company

Unit: RMB

Items	Related party	End of term		Beginning of term	
		Amount	Provision for bad debts	Amount	Provision for bad debts
Accounts Receivable	CSG Shenzhen Display	4,096,621		544,391	
Other Receivable	CSG Shenzhen Display			20,491,742	

## IX. Commitment Issues

### 1. Major commitment issues

Commitments relating to capital expenditure

As the balance sheet date, commitments relating to capital expenditure that has signed but not recognised in the financial statement are analyzed below:

	30/6/2014	31/12/2013
Property, plant and equipment	721,516,254	589,482,656

### 2. Fulfilling of commitments made in previous periods

The commitment relating to capital expenditures at 31 December 2013 has been fulfilled.

## XI. Other material events

### 1. assets and liabilities measured by fair value

Unit: RMB

Items	Amount at the beginning of term	Profits and losses on the changes in fair value	Changes in fair value recognised in the equity	Impairment recognised in current year	Amount at the end of term
<b>Financial Assets</b>					
3. Available-for-sale financial assets	122,760,000		13,140,000		135,900,000
Subtotal of Financial Assets	122,760,000		13,140,000		135,900,000
Total	122,760,000		13,140,000		135,900,000
Financial liabilities	0				0

**2. Financial asset and liabilities dominated in foreign currency**

Unit: RMB

Items	Amount at the beginning of term	Profits and losses on the changes in fair value	Changes in fair value recognised in the equity	Impairment recognised in current year	Amount at the end of term
<b>Financial Assets</b>					
3. Foreign currency and receivables	36,531,755			764,346	84,955,746
Subtotal of Financial Assets	36,531,755			764,346	84,955,746
Financial liabilities	205,172,168				165,660,832

**3. Others**

The Group's business activities will face a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management plan for the financial market is not predictable, and strive to reduce the potential adverse effects on the financial performance.

## (1) Market risk

## (a) Currency risk

The Group mainly operates in mainland with most of the transactions settled in RMB, however some of the export business are settled in foreign currency. Besides, the recognized foreign currency assets, liabilities and foreign transactions are still exposed to currency risk. (Those foreign currency assets and liabilities are mainly USD). The Group monitors the scale of foreign currency transactions, foreign currency assets and liabilities, and adjust settlement currency of export business, to furthest reduce the currency risk.

As at 30 June 2014, financial assets and liabilities denominated in foreign currency held by the Group are as below:

	30 June 2014		
	USD	Other	
		foreign currencies	Total
<b>Foreign Financial assets -</b>			
Cash at bank and on hand	8,626,699	20,544,784	29,171,483
Receivables	21,572,129	34,212,134	55,784,263
	30,198,828	54,756,918	84,955,746
<b>Foreign Financial liabilities -</b>			
Short-term borrowings	19,588,011	44,803,894	64,391,905
Payables	42,548,649	29,319,000	71,867,649
Long-term borrowings	6,328,278	-	6,328,278
Long-term borrowings due within 1 year	23,073,000	-	23,073,000
	91,537,938	74,122,894	165,660,832
<b>31 December 2013</b>			
		Other	
	USD	foreign currencies	Total

Foreign financial assets -			
Cash at bank and on hand	14,432,704	4,532,123	18,964,827
Receivables	16,420,171	1,146,757	17,566,928
	30,852,875	5,678,880	36,531,755
Foreign financial liabilities -			
Short-term borrowings	52,695,525	37,536,513	90,232,038
Payables	13,140,063	23,890,708	37,030,771
	6,270,784		6,270,784
Long-term borrowings		-	
	71,638,575		71,638,575
Non-current liabilities due within one year		-	
	143,744,947	61,427,221	205,172,168

At 30 June 2014, should RMB had appreciated/depreciated by 10% against USD, with all other variables held constant, net profit for the year would have increased or decreased at RMB 4,653,093. (31 December, 2013: approximately RMB 9,595,826).

(b) Interest rate risk

The Group's interest rate risk arises from the long-term interest-bearing debt such as long-term bank borrowings and Corporate Bonds. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group adjusts the proportion of fixed interest rate debts and variable interest rate debts when the market environment changed. As at 30 June 2014, the Group's long-term interest-bearing debt at variable rates and fixed rates as illustrated below:

	30 June 2014	31 December 2013
Debt at fixed rates	1,993,347,401	1,991,041,175
Debt at variable rates	275,992,783	302,904,204
	2,269,340,184	2,293,945,379

The Group continued to monitor the Group's interest rates. Increase of interest rates will lead to increase of interest expenses and have significant adverse effects on the Group. Therefore, the management monitor the latest market situation and make timely adjustments, which includes increasing/decreasing long-term fixed rate debts at the anticipation of increasing/decreasing interest rate.

In Jan. to Jun. 2014, if the floating interest rates had been 50 basis higher/lower with all other variables held constant, net profit for the year would have decreased or increased at RMB464,969. (Jan. to Jun. 2012: approximately RMB1,287,342).

(2) Credit risk

Credit risk is managed on group basis. Credit risk arises from deposits in banks, notes receivable, accounts receivable and other receivables.

As the Group's bank deposits are mainly placed in the state-owned banks and other large and medium listed banks, the management believe the credit risk should be limited and that no loss will occur due to event of default cause by those banks. Furthermore, as the Group's notes receivable are accepted by the state-owned banks and other large and medium listed banks, the management believe the credit risk should be limited.

Besides, the Group has set relevant policies to control the credit risk exposure for accounts receivable, other receivables and trade acceptance notes. The Group evaluates clients' credit aptitude and sets relevant credit periods based on client's financial position, possibility of guaranty from the third party, credit records and other factors like the current situation

of the market. The Group supervises the clients' credit records at regular intervals. For the clients who have a rotten record, the Group will send payment reminders in written, shorten or cancel the credit period, etc. to ensure the Group's entire credit risk are under control.

### (3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

On 30 June 2014, the Group had net current liabilities of RMB 2,170 million and committed capital expenditures of RMB 721 million. Management will implement the following measures to manage the liquidation risk:

- (a) The Group will have steady cash inflows from operating activities;
- (b) The Group will pay the debts that mature and finance the construction projects through the existing bank facilities.
- (c) The Group will closely monitoring the payment of construction expenditure in terms of payment time and amount.

The financial assets and liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows :

30 June 2014					
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
<b>Financial Assets</b>					
Cash at bank and on hand	287,736,235	-	-	-	287,736,235
Receivables	620,691,807	-	-	-	620,691,807
Financial assets available for sale	-	-	-	135,900,000	135,900,000
	908,428,042			135,900,000	1,044,328,042
<b>Financial liabilities -</b>					
Short-term borrowings	2,027,418,481	-	-	-	2,027,418,481
Payables	1,328,307,046	-	-	-	1,328,307,046
Long-term borrowing due within 1 year	191,278,086	-	-	-	191,278,086
Long-term borrowing	17,009,463	80,951,056	219,270,006	-	317,230,525
Bonds payable	106,600,000	2,106,600,000	-	-	2,213,200,000
	3,670,613,076	2,187,551,056	219,270,006	-	6,077,434,138
<b>31 December 2013</b>					
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
<b>Financial Assets</b>					
Cash at bank and on hand	279,672,523	-	-	-	279,672,523
Receivables	569,686,196	-	-	-	569,686,196
Financial assets available for sale	-	-	-	122,760,000	122,760,000
	849,358,719	-	-	122,760,000	972,118,719
<b>Financial liabilities -</b>					
Short-term borrowings	1,442,478,875	-	-	-	1,442,478,875

Payables	1,604,631,381	-	-	-	1,604,631,381
Long-term borrowing due within 1 year	410,672,685	-	-	-	410,672,685
Long-term borrowing	18,779,624	107,359,153	218,049,563	6,358,322	350,546,662
Bonds payable	106,600,000	2,106,600,000	-	-	2,213,200,000
	3,583,162,565	2,213,959,153	218,049,563	6,358,322	6,021,529,603

## (4) Fair value estimation

## (a) Financial instruments not measured at fair value

Other than the available-for-sale financial asset, the Group's financial assets and liabilities are not measured at fair value.

The carrying amount of the Group's financial assets and liabilities approximate their fair value except the financial liabilities as below:

	30 June 2014		31 December 2013	
	carrying amount	fair value	carrying amount	fair value
Bonds payable	1,993,347,401	2,002,700,000	1,991,041,175	1,985,000,000
	1,993,347,401	2,002,700,000	1,991,041,175	1,985,000,000

The fair value of Corporate Bond traded in active markets is determined on quoted market prices at the balance sheet date.

## (b) Financial instruments measured at fair value

Based on the lowest level input that is significant to the fair value measurement in its entirety, the fair value hierarchy are divided into the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

As at 30 June 2014, the financial assets measured at fair value by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets held for trading-				
Available-for-sale equity instruments	135,900,000	-	-	135,900,000

The fair value of the financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of financial instrument that is not traded in an active market is determined by using a valuation technique. Valuation techniques include using prices of recent market transactions between knowledgeable and willing parties, reference to the current fair value of another financial asset that is substantially the same with this instrument, and discounted cash flow analysis. Inputs to valuation techniques include prepayment rates, rates of estimated credit losses, and interest rates or discount rates.

As at 30 June 2014, the available-for-sale equity instrument is the investment in Golden Glass, the fair value of which was determined based on the price in the observable market.

## XII. Notes to Financial Statements of the Parent Company

### 1. Other account receivable

#### (1) Other receivable accounts

Unit: RMB

Categories	End of term				Beginning of term			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %
Other receivables provided bad debt provision in group								
Related parties	3,670,699,973	100%			3,082,033,658	100%		
Non-related parties	271,553	0%	5,431	2%	211,101	0%	4,222	2%
Sub-total of group	3,670,971,526	100%	5,431	0%	3,082,244,759	100%	4,222	0%
Total	3,670,971,526	--	5,431	--	3,082,244,759	--	4,222	--

Statement on categories of other receivable accounts

Other receivable accounts with large amount and were provided bad debt provisions individually at end of period.

Applicable Non-applicable

Other receivable accounts in the portfolio on which bad debt provisions were provided on age analyze basis

Applicable Non-applicable

Other receivable accounts in the portfolio on which bad debt provisions were provided on percentage basis

Applicable Non-applicable

Unit: RMB

Name of portfolio	Book balance	proportion	Bad debt provision
Non-related parties	271,553	2%	5,431
Total	271,553	--	5,431

Other receivable accounts in the portfolio on which bad debt provisions were provided on other basis

Applicable Non-applicable

Other account receivable with minor amount but bad debt provision provided individually:

Applicable Non-applicable

#### (2) Top 5 debtors of other receivable accounts

Unit: RMB

Name of the companies	Relation with the Company	Amount	Ages	Portion in total other receivables (%)
Yichang CSG Polysilicon Co., Ltd.	Subsidiaries	1,455,440,191	Within one year	40%
Wujiang CSG Glass Co. Ltd.	Subsidiaries	659,031,049	Within one year	18%
Dongguan CSG Solar Glass Co., Ltd.	Subsidiaries	295,819,307	Within one year	8%
Chengdu CSG Glass Co. Ltd.	Subsidiaries	200,920,409	Within one year	5%
Hebei CSG Glass Co. Ltd.	Subsidiaries	188,754,273	Within one year	5%
Total	--	2,799,965,229	--	76%

#### (3) Other accounts receivable from related parties

Unit: RMB

Name of the companies	Relation with the	Amount	Portion in total other receivables (%)
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	Company		
Yichang CSG Polysilicon Co., Ltd.	Subsidiaries	1,455,440,191	40%
Wujiang CSG Glass Co. Ltd.	Subsidiaries	659,031,049	18%
Dongguan CSG Solar Glass Co., Ltd.	Subsidiaries	295,819,307	8%
Chengdu CSG Glass Co. Ltd.	Subsidiaries	200,920,409	5%
Hebei CSG Glass Co. Ltd.	Subsidiaries	188,754,273	5%
Xianning CSG Energy Conservation Glass Co. Ltd.	Subsidiaries	155,255,095	4%
Jiangyou CSG Mining Development Co., Ltd.	Subsidiaries	153,069,440	4%
Dongguan CSG Architectural Glass Co., Ltd.	Subsidiaries	130,407,756	4%
Sichuan CSG Energy Conservation Glass Co. Ltd.	Subsidiaries	114,865,909	3%
Others	Subsidiaries	317,136,544	9%
Total	--	3,670,699,973	100%

## 2. Long-term equity investment

Unit: RMB

Company invested in	Calculating basis	Initial costs	Opening balance	Changed by	Closing balance	Percentage of share in the firm %	Voting power in the firm %	Statement on differences between the shareholding and voting rights	Impairment provision	Impairment provision provided this term	Cash dividend of the current term
Shenzhen CSG Float Glass Co. Ltd	Cost method	705,736,250	714,685,255	-714,685,255							
Chengdu CSG Glass Co. Ltd.	Cost method	67,271,707	76,674,071		76,674,071	75%	75%	Yes			106,204,641
Sichuan Energy Conservation Glass Co. Ltd	Cost method	32,242,653	40,290,583		40,290,583	75%	75%	Yes			60,445,475
Tianjin CSG Architectural Glass Co. Ltd	Cost method	133,500,000	144,404,554		144,404,554	100%	100%	Yes			36,512,811
Tianjin Energy Conservation Glass Co. Ltd	Cost method	96,000,000	98,498,420		98,498,420	100%	100%	Yes			42,953,099
Dongguan CSG Architectural Glass Co. Ltd	Cost method	180,000,000	193,618,971		193,618,971	100%	100%	Yes			73,052,140
Dongguan CSG Solar Glass Co. Ltd	Cost method	278,753,465	300,401,145	1,045,681	301,446,826	100%	100%	Yes			
Yichang CSG Silicon Co. Ltd	Cost method	562,489,000	577,043,114	55,914,930	632,958,044	100%	100%	Yes			
Yichang Nanbo Photoelectric Glass Co., Ltd.	Cost method	76,523,200	98,597,200	58,864,000	157,461,200	73.58%	66.70%	Yes			
Wujiang CSG North-east Architectural Glass Co. Ltd.	Cost method	240,000,000	251,313,658		251,313,658	100%	100%	Yes			76,469,129
Dongguan CSG PV-tech Co. Ltd	Cost method	301,276,564	308,122,789		308,122,789	100%	100%	Yes			37,134,660
Hebei CSG Glass Co. Ltd.	Cost method	253,354,574	261,998,368		261,998,368	100%	100%	Yes			32,523,071
CSG (Hong Kong) Co. Ltd.	Cost method	81,664,761	85,742,211		85,742,211	100%	100%	Yes			
Wujiang CSG Glass Co. Ltd.	Cost method	461,011,271	462,179,564		462,179,564	100%	100%	Yes			
Hebei Shichuang Glass Co., Ltd.	Cost method	243,000,000	243,062,801		243,062,801	100%	100%	Yes			32,501,190
CSG (Australia) Co., Ltd	Cost method			1,393,524	1,393,524	51%	51%	Yes			
Jiangyou CSG Mining Development Co., Ltd	Cost method	40,000,000	40,725,041		40,725,041	100%	100%	Yes			
Xianning CSG Co.,Ltd.	Cost method	176,250,000	177,041,817		177,041,817	100%	100%	Yes			
Xianning Energy Conservation Glass Co. Ltd	Cost method	123,750,000	123,781,576		123,781,576	75%	75%	Yes			



Qingyuan CSG Energy saving new material Co., Ltd	Cost method	300,000,000	300,185,609		300,185,609	100%	100%	Yes			
Others (i)	Cost method	206,275,847	207,486,467	-41,045,678	166,440,789	100%	100%	Yes	15,000,000		
Total	--	4,559,099,292	4,705,853,214	-638,512,798	4,067,340,416	--	--	--	15,000,000		497,796,216

## Statement on long-term equity investment

As at 30 June 2014, included in the investments in subsidiaries were deemed investment costs of RMB 103,730,921, the fair value of the equity instruments of the Company granted to the employee of the subsidiaries for their serviced provided to the subsidiaries for which the Company did not charge the subsidiaries. (31 December 2013: 112,679,926)

(i) Others mainly included subsidiaries of architectural segment, which located in Shenzhen but the production lines have moved to Dong guan. The operations of the subsidiaries have discontinued. The Company has made provision against the long term investment in these subsidiaries.

## Associated enterprise:

	Initial investment cost(in RMB 10 thousand)	31 Dec. 2013	Movement					31 Dec. 2014	
			Addition	Cash dividend announced to distribute	Net profit or loss adjustment by equity method	Influence of Capital Increased by other shareholders	Other Equity Movement		reduce
Shenzhen CSG Display Technology Co. Ltd	18,633	313,935,670		-26,235,183	68,976,368		363,052		357,039,907
CSG (Australia) Co., Ltd	AUD24.5	1,832,311		-444,999	852,318			-2,239,630	-
		315,767,981		-26,680,182	69,828,686		363,052	-2,239,630	357,039,907

	Accounting Method	Shareholding ratio	Proportion of votes	Difference between Shareholding ratio and Proportion of votes	Provision for bad debt	Provision addition for impairment this year
Shenzhen CSG Display Technology Co. Ltds	Equity Method	44.70%	44.70%	NA	-	-

### 3. Revenue and costs

#### (1) Revenue

Unit: RMB

Items	Occurred current term	Occurred in previous term
main business income	0	
Other business income	0	741,079
Total	0	741,079
Cost	0	41,575

### 4. Investment income

#### (1) Details of investment gains

Unit: RMB

Items	Occurred in current term	Occurred in previous term
Long-term equity investment gains on cost equity method basis	497,796,216	536,744,456
Long-term equity investment gains on cost basis	69,828,686	
Investment gains from disposal of long-term equity investment	203,314,745	
Investment gains in period of holding disposable financial assets	82,836	331,344
other	519,763	
Total	771,542,246	537,075,800

#### (2) Long-term equity investment gains on cost method

Unit: RMB

Company invested in	Occurred in current term	Occurred in previous term	Causation of change
Chengdu CSG Glass Co. Ltd.	106,204,641	63,757,372	Profit increased
Wujiang CSG East China Architectural Glass Co., Ltd.	76,469,129	74,937,311	Profit increased
Dongguan CSG Architectural Glass Co., Ltd.	73,052,140	78,628,396	Profit decreased
Sichuan CSG Energy Conservation Glass Co., Ltd	60,445,475	56,554,983	Profit increased
Tianjin CSG Energy Conservation Glass Co., Ltd	42,953,099	58,374,264	Profit decreased
Total	359,124,484	332,252,326	--

#### (3) Long-term equity investment gains on equity method

Unit: RMB

Company invested in	Occurred in current term	Occurred in previous term	Causation of change
Shenzhen CSG Display Technology Co. Ltd	68,976,368		cost method transfer to equity method
CSG (Australia) Co., Ltd	852,318		cost method transfer to equity method

Total	69,828,686	--
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Statements on investment gains

Significant restrictions on repatriation of investment income do not exist.

## 5. Supplementary information of cash flow statement

Unit: RMB

Supplementary Info.	Occurred in current term	Occurred in previous term
1. Net profit adjusted to cash flow of business operation	--	--
Net profit	684,157,291	504,555,067
Plus: Asset impairment provision	1,209	-774,291
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	3,367,529	1,062,536
Amortizing of intangible assets	221,900	221,900
Amortization of long-term prepaid expenses		3,741
Financial expenses (“-“ for gains)	40,436,468	13,656,606
Loss from investment (“-“ for gains)	-771,542,246	-537,075,800
Decrease of operational receivable items (“-“ for increase)	-60,454	130,452
Increase of operational payable items (“-“ for decrease)	-34,220,353	669,489
Cash flow generated by business operation, net	-77,638,656	-17,550,300
2. Major investment and financing operation not involving with cash	--	--
3. Net change of cash and cash equivalents	--	--
Balance of cash at period end	143,401,415	118,356,560
Less: Initial balance of cash	129,337,516	139,915,851
Net increasing of cash and cash equivalents	14,063,899	-21,559,291

## XII. Supplementary Information

### 1. Details of extraordinary profit (gains)/loss in the term

Unit: RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-826,437	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise’s business)	44,447,997	
Gains on disposal of available-for-sale financial assets, gains and losses from change of fair values of held-for-transaction financial assets and financial liabilities except for the effective hedge business related to normal business of the Company, and investment income from disposal of transactional financial assets and liabilities and financial assets available for sale	108,000	
Other non-operating income and expenditure except for the aforementioned items	12,061,958	
Other item that satisfied the definition of non-recurring gains and losses	308,895,397	It was mainly due to the Company sold 100% equity of Shenzhen CSG Float Glass

		Co., Ltd. and the added value amortization of remaining equity of Shenzhen CSG Display Technology Co., Ltd.
Less: Impact on income tax	12,081,899	
Impact on minority shareholders' equity (post-tax)	6,329,502	
Total	346,275,514	--

If there was government subsidies considered for recurring items in the current, should explain item by item disclosure that reason.

Applicable  Not applicable

## 2. Net income on asset ratio and earning per share

Unit: RMB

Profit of the report period	Weighted average net income/asset ratio (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	7.38%	0.28	0.28
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	3.04%	0.12	0.12

## 3. Irregular situation and causes of items in the financial statements

The financial statement line items which fluctuation is more than 30% (including 30%) compared with last year, or account 5% or more of total assets for balance sheet items or 10% or more of total profit for income statement items are analyzed as below:

Items of balance sheet:

FSLIs	30 June 2014	31 December 2013	Increase/Decrease	Rate	Note
Account receivable	245,616,313	136,430,683	109,185,630	80%	(1)
prepayment	119,246,734	73,378,329	45,868,405	63%	(2)
other receivables	41,390,951	109,366,023	(67,975,072)	-62%	(3)
other current assets	187,292,116	1,021,464,095	(834,171,979)	-82%	(4)
Long-term equity investment	751,594,586	770,037,176	(18,442,590)	-2%	(5)
Fixed assets	9,208,002,553	7,979,937,683	1,228,064,870	15%	(6)
Construction in process	1,964,018,775	2,762,418,100	(798,399,325)	-29%	(7)
Intangible assets	948,567,405	933,329,528	15,237,877	2%	(8)
Deferred income tax assets	107,855,079	164,787,158	(56,932,079)	-35%	(9)
Short-term loans	1,958,295,208	1,424,743,800	533,551,408	37%	(10)
notes payable	8,221,924	4,429,188	3,792,736	86%	(11)
Employee salary payable	112,079,096	166,377,238	(54,298,142)	-33%	(12)
Tax payable	99,596,206	160,754,703	(61,158,497)	-38%	(13)
Interest payable	86,785,042	60,767,534	26,017,508	43%	(14)
Other account payables	231,749,754	557,130,583	(325,380,829)	-58%	(15)
Due within one year of non-current liabilities	182,026,370	399,849,715	(217,823,345)	-54%	(16)

Notes:

1. The increase of accounts receivable was due to the growth of sales revenue of parts of subsidiaries.

2. The increase of prepayment was mainly because of the increase of prepayment for engineering equipment.
3. The decrease of other receivables was mainly because fire indemnity of Dongguan CSG PV, which was receivable of the end of last period, was received in the report period.
4. The decrease of other current assets was mainly due to the long-term assets possessed by Shenzhen CSG at the end of last period transferred into held-for-sale, and equity transfer procedure of Shenzhen CSG was completed in the report period.
5. The decrease of long-term equity investment was mainly due to profit and net profit changes of CSG Shenzhen Display, the Company's affiliated company.
6. The increase of fixed assets was mainly because construction in process of some subsidiaries was transferred into fixed assets.
7. The decrease of construction in process was mainly because construction in process of part of subsidiaries was transferred into fixed assets.
8. The increase of intangible assets increase was mainly due to outsourcing of intangible assets in some subsidiaries and R&D of some subsidiaries changed into patents.
9. The decrease of deferred income tax was mainly because the deferred income tax assets recognized by Shenzhen CSG reduced for the equity transfer procedure had been completed.
10. The increase of short-term loans was mainly due to the increase of issued short-term financing bills and bank loans in the report period.
11. The increase of notes payable was mainly due to the increase in business clearing method.
12. The decrease of Employee salary payable was mainly because the annual management performance incentive fund and year-end bonus of last year were paid in the report period.
13. The decrease of tax payable was mainly due to liquidation taxes in the report period.
14. The increase of interest payable was mainly due to increase in interest on bonds payable.
15. The decrease of other payables was mainly because the advance of Shenzhen CSG stock equity transfer was counted in this item, while the equity transfer procedures was completed in the report period.
16. The decrease of non-current liabilities within one year was mainly because part of bank loan was due for payment.

## Income statement items:

Income statement items:	Jan. to Jun. 2014	Jan. to Jun. 2013	Increase/Decrease	Rate	Note
Business income	3,262,681,672	3,536,965,783	(274,284,111)	-8%	(1)
Investment gains	320,762,071	432,000	320,330,071	74150%	(2)
Income tax	60,997,406	113,728,215	(52,730,809)	-46%	(3)
Net profit	617,196,948	411,830,510	205,366,438	50%	(4)
other comprehensive income	11,104,135	(10,269,219)	21,373,354		(5)

## Notes:

1. The decrease of business income mainly because CSG Shenzhen Display was excluded in the consolidation scope of the Group due to part of the equity was sold at the end of last year.
2. The increase of investment income was mainly due to the transfer of Shenzhen CSG in the report period.
3. Mainly because CSG Shenzhen Display was excluded in the consolidation scope of the Group due to part of the equity was sold at the end of last year. In addition, part of the subsidiaries obtained high-tech enterprise certification with preferential tax rate this year.
4. The increase of net profit was mainly because investment income recognized by the transfer of Shenzhen CSG in the report period.
5. The change of other comprehensive income was mainly because the fair value of Golden Glass equity held by the Company changed.

## **Section IX. Documents available for Reference**

- I. Text of the Semi-annual Report carrying the legal representative's signature;
- II. Text of the financial report carrying the signatures and seals of the legal representative, C.F.O and person in charge of financial organization;
- III. All texts of the Company's documents and original public notices disclosed in the papers appointed by CSRC in the report period.

**Board of Directors of  
CSG Holding Co., Ltd.**

**5 August 2014**