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**CSG HOLDING CO., LTD.**

**ANNUAL REPORT 2014**



**Chairman of the Board:**  
**ZENG NAN**

**March 2015**

## 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 facticity, accuracy and completeness of the whole contents.

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

Name of director absent	Position	Reason for absence	Name of authorized director
Li Jingqi	Director	On business	Chen Chao

The deliberated and approved profit distribution plan in the Board Meeting is: taking total shares of 31 December 2014 as the radix, sending cash dividends of RMB 5.0 (tax included) per 10 shares to all shareholders, neither bonus shares being sent, nor converting capital reserve into share capital.

Mr. Zeng Nan, Chairman of the Board, CFO Mr. Luo Youming and principal of the financial department Mr. Zhang Guoming confirm that the Financial Report enclosed in this 2014 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

## **Major risk warning**

**Existing industry risk, market risk and exchange rate risk have been well-described in this report, please found details of risks and countermeasures of future development described in Section IV Report of the Board of Directors.**

## Section II Company profile

### I. Company information

Code for A-share	000012	Code for B-share	200012
Short form for A-share	Southern Glass A	Short form for B-share	Southern Glass B
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		
Registered Add.	CSG Building, No.1, the 6 <sup>th</sup> Industrial Road, Shekou, Shenzhen, P. R.C.		
Post Code	518067		
Office Add.	CSG Building, No.1, the 6 <sup>th</sup> Industrial Road, Shekou, Shenzhen, P. R.C.		
Post Code	518067		
Internet website	<a href="http://www.csgholding.com">www.csgholding.com</a>		
E-mail	<a href="mailto:securities@csgholding.com">securities@csgholding.com</a>		

### II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Zhou Hong	
Contacts add.	CSG Building, No.1 of the 6th Industrial Road, Shekou, Shenzhen, P. R.C.	
Tel.	(86)755-26860666	
Fax.	(86)755-26860641	
E-mail	securities@csgholding.com	

### III. Information disclosure and preparation place

Newspapers for information disclosure	China Securities Journal, Securities Times and Hong Kong Commercial Daily
Website assigned by CSRC to release the annual report	www.cninfo.com.cn
The place for preparation of the annual report	Department of Securities Affairs

#### IV. Registration changes of the Company

	Date for registration	Place for registration	Registration NO. for enterprise legal license	No. of taxation registration	Organization code
Initial registration	1984-09-10	Shenzhen Municipal Administration of Industry & Commerce	440301501125544	440300618838577	61883857-7
Registration at end of report period	2013-06-20	Shenzhen Municipal Administration of Industry & Commerce	440301501125544	440300618838577	61883857-7
Changes of main business since listing (if applicable)	No changes				
Previous changes for controlling shareholders (if applicable)	No changes				

#### V. Other relevant information

CPA engaged by the Company

Name of CPA	PricewaterhouseCoopers Zhong Tian LLP
Offices add. for CPA	11/F, PricewaterhouseCoopers Center., 202 Hubin Road. Shanghai, P.R.C.
Signing Accountants	Yao Wenping, Yang Hua

Sponsor institute engaged by the Company for performing continuous supervision duties in reporting period

Applicable     Not applicable

Financial consultant engaged by the Company for performing continuous supervision duties in reporting period

Applicable     Not applicable

## 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

	2014	2013		Changes over last year (%)	2012	
		Before adjusted	After adjusted	After adjusted	Before adjusted	After adjusted
Operating income (RMB)	7,044,502,645	7,733,796,114	7,733,796,114	-8.91%	6,994,358,029	6,994,358,029
Net profit attributable to shareholders of the listed company(RMB)	873,653,030	1,535,929,739	1,535,929,739	-43.12%	274,746,219	274,746,219
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	438,889,847	605,966,975	605,966,975	-27.57%	116,098,805	116,098,805
Net cash flow arising from operating activities(RMB)	1,406,259,210	1,698,867,535	1,698,867,535	-17.22%	1,725,795,529	1,725,795,529
Basic earnings per share (RMB/Share)	0.42	0.74	0.74	-43.24%	0.13	0.13
Diluted earnings per share (RMB/Share)	0.42	0.74	0.74	-43.24%	0.13	0.13
Return on Equity (%)	10.61%	20.52%	20.52%	-9.91%	4.04%	4.04%
	End of 2014	End of 2013		Changes over end of last year (%)	End of 2012	
		Before adjusted	After adjusted	After adjusted	Before adjusted	After adjusted
Total assets (RMB)	15,116,808,305	15,078,866,777	15,078,866,777	0.25%	14,335,809,746	14,335,809,746
Net assets attributable to shareholder of listed company (Owners' equity attributable to shareholder of listed company ) (RMB)	8,348,561,765	8,047,894,139	8,047,894,139	3.74%	6,816,210,753	6,816,210,753



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

Unit: RMB

Item	Amount in 2014	Amount in 2013	Amount in 2012	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-17,722,782	-136,459,236	7,202,099	--
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)	90,223,936	115,138,161	89,424,440	--
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	7,010,790	432,000	360,000	--
Other non-operating income and expenditure except for the aforementioned items	14,816,694	85,892,326	15,477,992	--
Other gains/losses satisfied definition of extraordinary profit (gains)/loss	389,101,151	926,639,137	71,306,374	--
Less: Impact on income tax	20,318,806	48,004,628	18,202,387	--
Impact on minority shareholders' equity (post-tax)	28,347,800	13,674,996	6,921,104	--
Total	434,763,183	929,962,764	158,647,414	--

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 gains/losses satisfied definition of extraordinary profit (gains)/loss	311,247,064	It was mainly due to the Company sold 100% equity of Shenzhen CSG Float Glass Co., Ltd.
Other gains/losses satisfied definition of extraordinary profit (gains)/loss	77,854,087	Confirmed by State Taxation Bureau of Shuangliu County, Chengdu CSG Glass Co., Ltd. applied to a preferential income tax rate of 15% which stipulated in west development policies for encouraging the enterprises, therefore the enterprise income taxes which were paid at original tax rate of 25% in 2011, 2012 and 2013, were adjusted for final settlement in 2014.

## Section IV Report of the Board of Directors

### I. Introduction

In 2014, when six years has passed since the outbreak of global financial crisis, the global economy remained uncertain. Development of the major economies was uneven, and emerging economies confronted with challenge from decrease of growth. 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, Chinese economy also challenged by the problems as decline in investment growth, obvious constraint of financing, relevant industries moving downward obviously, and enterprise operating difficulties. Under the complicated and varying market condition, the Company responded actively to the adverse impact from market environment through industrial transformation and upgrade, innovation, construction of expertise team, refined management, comprehensive energy management, cost management and strict control of operating risks. Meanwhile, the Company constantly took the route of differential operation and industry upgrading relying on R&D and technology innovation, and continued to strengthen construction of R&D system and R&D ability. Totally 133 patent applications were submitted by the Company in 2014, and new 39 patent applications were granted (12 of which were invention patents). Currently, the Company owes 234 authorized patents in total, 56 invention patents included, which account for 24%. Due to the overall loss in float glass industry and shares of the fine glass held by CSG reduced and the profit of fine glass industry declined as well, CSG implemented revenue of RMB 7,045 million in 2014 with a year-on-year decline of 8.91%, while a year-on-year increase of 2% after deducting the effect of fine glass. Meanwhile, due to the overall loss in float glass industry and decline of return on investment as well as influence of fine glass mentioned above, the net profit attributable to parent company was RMB 874 million. After deducting non-recurring gains and losses, the net profit attributable to parent company was RMB 439 million with a year-on-year decline of 27.57%.

In 2014, affected by adjustment of real estate and over capacity, 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 upgraded the old lines which were not competitive after assessing the existing production lines and continued to reinforce cost control, energy-saving, and promote the manufacture and sales of differentiated and high-grade products. In 2014, flat glass division achieved revenue of RMB 3,668.29 million (deducted connected transaction) with a year-on-year decline of 7.71%, and profit of RMB 233.97 million with a year-on-year decline of 21.30%.

In 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 a steady growth through strengthening management, proactively promoting the sales of differentiate products, such as double-silver and triple-silver products and speeding up the operation of new production capacity. In 2014, architectural glass division gained revenue of RMB 3,053.75 million (deducted connected transaction) with a year-on-year growth of 6.39% and net profit of RMB 514.37 million with a year-on-year growth of 14.02%.

In 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. The upgraded polysilicon production

line entered commercial operation in June 2014. Polysilicon and related products contributed profit of approximately RMB 50 million to the Company in 2014. In 2014, PV industry realized revenue of RMB 1102.95 million (deducted connected transaction), and profit of RMB 57.35 million, while deficit of approximately RMB 20 million at the same period of last year.

## II. Main business analysis

### 1. Introduction

Unit: RMB

Items	2014	2013	Range of Change	Reasons and Analysis
Revenue	7,044,502,645	7,733,796,114	-8.91%	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.
Operating cost	5,323,219,390	5,501,300,657	-3.24%	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 expenses	265,720,355	267,394,775	-0.63%	--
Administrative expenses	597,772,089	671,321,260	-10.96%	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.
Including: R&D expenditure	182,975,076	179,879,478	1.72%	--
Financial expenses	231,531,434	238,321,702	-2.85%	--
Net cash flow from operating activities	1,406,259,210	1,698,867,535	-17.22%	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	-899,601,189	-1,052,078,756	-14.49%	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 financing activities	-626,284,428	-817,587,745	-23.40%	Mainly due to increase of bank loan and investment from minority shareholders absorbed in the report period.

Review on the previous development strategy and business plan and its progress during reporting period

During the reporting period, the Company launched the development strategy and business plan smoothly:

① In 2014, the Company successfully carried out various tasks as scheduled. With completion of industrial layout, the Company actively promoted industrial upgrading. In the fields of energy-saving glass and flat glass, construction of Wujian CSG 650T/D solar rolled glass project and Xianning phase II of production capacity expansion project of architectural energy-saving glass were completed and entered into trial or commercial operation. Construction of Dongguan on-line reflective glass production line and Chengdu phase III of production capacity expansion project of energy-saving glass will be completed as well. In the field of ultra-thin glass, Yichang ultra-thin glass project will enter into commercial operation soon, and Qingyuan high-performance ultra-thin glass project ignited at the beginning of 2015 and went into trial operation; In the field of solar photovoltaic, Yichang CSG Polysilicon project with production capacity of 6000 tons has completed technological transformation and entered commercial

operation. After technological upgrading, production cost of polysilicon has dramatically decreased. The completion of these projects laid firm foundation for future development of the industries of CSG and effectively strengthened CSG's comprehensive strength.

②Confronted with severe economic market conditions, the Company constantly took the route of differential operation and industry upgrading relying on R&D and technology innovation, and continued to strengthen construction of R&D system and ability. In 2014, the Company submitted 133 patent applications in total, and 39 of which were successfully granted with patent authorization (12 of which were invention patents), representing best performance in terms of number of patents applications and invention patent applications. As the breakthrough of the traditional industry, ultra-thin electronic glass continued to diversify its product line. In particular, the Company realized bulk production of ultra-thin glass of 0.55mm, the quality and yield of which have reached the advanced level in China. Currently, Yichang ultra-thin glass production line has realized bulk production for ultra-thin glass of 0.33mm and will be put into commercial operation soon. Along with the successive operation of ultra-thin glass production lines, the Company will also become the ultra-thin electronic glass supplier with the most diversified product lines in this field. In the field of traditional flat glass, the Company required to fully improve differential operation of flat glass, actively promote production and sales of differential products while insisting on innovation, aiming to keep profitability of the industry by virtue of differential products with high quality, thus the production and sales of differential products greatly increased. Besides, the Company realized bulk production of 2mm solar energy glass, bringing new point of profit growth. In the field of architectural glass, the Company continued to launch and promote unique new products by taking good use of its advantage in coating technology. According to the requirement of noise reduction and energy saving of existing building, the Company commenced research and development for ultra-thin paste glass which enabled the existing buildings to reduce noise and save energy obviously without adoption of insulating energy-saving glass. Currently, this product is in the stage of market development, and the Company actively improved the feature of the product based on market response. This product will open up vast market space for the energy-saving glass industry. Differential and innovative products ensured steady growth of profit for architectural glass industry. The solar industry coped with the trough of industry with technology innovation, the R&D and production of high-efficiency silicon wafer of which taking the leading position in domestic market. Meanwhile, with completion of polysilicon technological transformation project, comprehensive anti-risk ability of PV industry improved.

③The Company used lean management as an important means to keep profitability, the Company fully tapped the potentials of energy saving in the production process while effectively improved capacity utilization, and controlled cost as much as possible. Besides, the Company has made lots of efforts in the integrated energy management. In 2014, waste heat power generation of the Company amounted to approximately 150 million kwh and PV power generation amounted to approximately 40 million kwh, reducing cost of electricity of nearly RMB 55 million.

④The Company continued to enhance working capital management, improving the efficiency of funds use through reducing occupation of funds. With the joint efforts from subsidiaries, the Company's accounts receivable turnover period was 12 days, and inventory turnover period was 26 days. Operating risks were under effective control by improving efficiency of working capital.

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. In 2014, the Company generally defined specific posts and responsibilities, defined salary range, conducted overall performance assessment, optimized staff structure and improved management efficiency. In the aspect of internal control construction, the Company constantly strengthened implementation of internal control system through strict appraisal and inspection, and further reinforced supervision of solving problems encountered during the implementation.

Reasons for difference of actual operation performance has 20% lower or higher than profit forecast of the Year disclosed

Applicable  Not applicable

## 2. Revenue

Explanation

In the report period, operation revenue reduced compared with the same period of last year. It's 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. Deducting the effect of Shenzhen CSG Display, operation revenue of RMB 139.98 million increased compared with last year, mainly because technical transformation of Yichang polysilicon had completed and realized sales, as well as product sales of architectural glass industry increased compared with the same period of last year.

Whether income from physical sales larger than income from labors or not

Yes  No

Unit: RMB

Industries	Item	2014	2013	Increase/decrease y-o-y (%)
Flat glass industry	Sales	3,618,711,310	3,958,217,805	-8.58%
	Output	3,097,562,963	3,112,857,799	-0.49%
	Inventory	95,196,551	90,253,902	5.48%
Architectural glass industry	Sales	3,028,041,544	2,854,745,532	6.07%
	Output	2,052,558,769	1,972,836,273	4.04%
	Inventory	52,710,420	59,892,430	-11.99%
Solar energy industry	Sales	1,087,053,989	945,054,866	15.03%
	Output	899,703,806	752,874,808	19.50%
	Inventory	18,469,741	9,661,010	91.18%

Reasons for y-o-y relevant data with over 30% changes

Applicable  Not applicable

Inventory of solar energy industry increased because Yichang polysilicon had entered commercial operation.

Material orders in hands

Applicable  Not applicable

Material changes or adjustment for products or services of the Company in reporting period

Applicable  Not applicable

Major sales client of the Company

Total sales to top five clients (RMB)	1,076,067,815
Proportion in total annual sales for top five clients (%)	15.28%

Information of top five clients of the Company

Applicable  Not applicable

Serial	Name	Sales (RMB)	Proportion in total annual sales (%)
1	Client A	336,432,649	4.78%
2	Client B	267,656,086	3.80%
3	Client C	211,920,095	3.01%
4	Client D	136,605,682	1.94%
5	Client E	123,453,303	1.75%
Total	--	1,076,067,815	15.28%

### 3. Cost

Industry classification

Unit: RMB

Industry classification	Item	2014		2013		Y-o-y changes (%)
		Amount	Ratio in operation cost (%)	Amount	Ratio in operation cost (%)	
Flat glass industry	Raw material	1,150,497,379	37.20%	1,167,991,269	37.63%	-1.50%
	Labor wages	160,023,845	5.17%	157,054,361	5.06%	1.89%
	Depreciation	312,546,188	10.11%	283,818,813	9.14%	10.12%
	Energy	1,342,693,325	43.42%	1,304,509,562	42.02%	2.93%
	Other	126,859,577	4.10%	190,908,044	6.15%	-33.55%
Architectural glass industry	Raw material	1,358,376,961	65.95%	1,298,813,030	66.37%	4.59%
	Labor wages	234,838,620	11.40%	229,253,406	11.71%	2.44%
	Depreciation	190,722,576	9.26%	166,462,367	8.51%	14.57%
	Energy	186,885,094	9.07%	179,228,596	9.16%	4.27%
	Other	88,917,528	4.32%	83,199,943	4.25%	6.87%
Solar energy industry	Raw material	414,819,155	46.56%	648,806,733	79.64%	-36.06%
	Labor wages	69,420,188	7.79%	54,258,238	6.66%	27.94%
	Depreciation	116,261,630	13.05%	47,487,861	5.83%	144.82%
	Energy	266,292,039	29.89%	42,093,169	5.17%	532.63%
	Other	24,102,063	2.71%	22,027,605	2.70%	9.42%

Product classification

Unit: RMB

Product classification	Item	2014		2013		Y-o-y changes (%)
		Amount	Ratio in operation cost (%)	Amount	Ratio in operation cost (%)	
Flat glass	Raw material	1,150,497,379	37.20%	1,167,991,269	37.63%	-1.50%
	Labor wages	160,023,845	5.17%	157,054,361	5.06%	1.89%
	Depreciation	312,546,188	10.11%	283,818,813	9.14%	10.12%
	Energy	1,342,693,325	43.42%	1,304,509,562	42.02%	2.93%
	Other	126,859,577	4.10%	190,908,044	6.15%	-33.55%
Architectural glass	Raw material	1,358,376,961	65.95%	1,298,813,030	66.37%	4.59%
	Labor wages	234,838,620	11.40%	229,253,406	11.71%	2.44%
	Depreciation	190,722,576	9.26%	166,462,367	8.51%	14.57%
	Energy	186,885,094	9.07%	179,228,596	9.16%	4.27%

	Other	88,917,528	4.32%	83,199,943	4.25%	6.87%
Solar energy product	Raw material	414,819,155	46.56%	648,806,733	79.64%	-36.06%
	Labor wages	69,420,188	7.79%	54,258,238	6.66%	27.94%
	Depreciation	116,261,630	13.05%	47,487,861	5.83%	144.82%
	Energy	266,292,039	29.89%	42,093,169	5.17%	532.63%
	Other	24,102,063	2.71%	22,027,605	2.70%	9.42%

Explanation

Nil.

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	1,362,964,119
Proportion in total annual purchase amount for top five suppliers (%)	25.89%

Information of top five suppliers of the Company

Applicable Not applicable

#### 4. Expenses

In the report period, changes of sales expenses, administrative expenses and financial expenses were not over 30%. Income tax reduced 83.14%, mainly because some subsidiaries which had qualification for high-tech enterprises applied to preferential tax rate and Chengdu Float Glass and Sichuan Energy-saving enjoyed preferential tax rate adjustment of the development of the western region caused by adjusted in the early part of last year.

#### 5. R&D expenses

The Company always attaches importance to the research and development of new products, new technology and new craft, R&D aims at closing to the market, production and industry. R&D expenses for year 2014 amounted to RMB 208.14 million in total, and accounted for 2.49% and 2.95% in net assets and operation revenue of the Company respectively.

#### 6. Cash flow

Unit: RMB

Item	2014	2013	Y-o-y changes (%)
Subtotal of cash in-flow from operation activities	8,272,984,129	9,208,299,739	-10.16%
Subtotal of cash out-flow from operation activities	6,866,724,919	7,509,432,204	-8.56%
Net cash flow from operation activities	1,406,259,210	1,698,867,535	-17.22%
Subtotal of cash in-flow from investment activities	1,073,874,633	1,215,295,555	-11.64%
Subtotal of cash out-flow from investment activities	1,973,475,822	2,267,374,311	-12.96%
Net cash flow from investment activities	-899,601,189	-1,052,078,756	-14.49%
Subtotal of cash in-flow from financing activities	5,040,721,840	3,627,868,640	38.94%
Subtotal of cash out-flow from financing activities	5,667,006,268	4,445,456,385	27.48%
Net cash flow from financing activities	-626,284,428	-817,587,745	-23.40%
Net increase of cash and cash equivalent	-119,612,608	-171,285,668	-30.17%

Reasons for y-o-y relevant data with over 30% changes

√Applicable   □Not applicable

Cash in-flow& out-flow from financing activities increased mainly because the cash received from the loan and the cash paid to loan increase in financing activities, while the net loan decreased compared with the same period of last year.

Increase of cash and cash equivalent kept less than the same period of last year, mainly because the Company strengthened the control of monetary fund through reducing its tie up fund and speeding up turnover fund.

Reasons of major difference between the cash flow from operation activities in report period and net profit of the Company

√Applicable   □Not applicable

Net profit	939,764,732
Add: Assets impairment provision	25,270,581
Depreciation of fixed assets	698,205,192
Amortization of intangible assets	31,158,918
Safe production expenses	3,007,776
Employee's remuneration determined by share-base	-
Net loss on disposal of fixed assets and intangible assets	17,722,782
Income of insurance compensation	-
Financial expenses	217,685,313
Investment income	-328,439,649
Decrease of deferred income tax asset	14,279,079
Decrease of deferred income tax liability	-403,566
Increase of inventory	-10,655,715
Increase of operating receivable accounts	-62,612,305
Decrease of operating receivable accounts	-138,723,928
Net cash flow arising from operating activities	1,406,259,210

### 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 industry	3,618,711,310	3,092,620,314	14.54%	-8.58%	-0.38%	-7.03%
Architectural glass industry	3,028,041,544	2,059,740,779	31.98%	6.07%	5.25%	0.53%
Solar energy industry	1,087,053,989	890,895,075	18.05%	15.03%	9.36%	4.25%
Off-setting between	-758,024,336	-760,724,902				



divisions						
According to products						
Flat glass	3,618,711,310	3,092,620,314	14.54%	-8.58%	-0.38%	-7.03%
Architectural glass	3,028,041,544	2,059,740,779	31.98%	6.07%	5.25%	0.53%
Solar energy products	1,087,053,989	890,895,075	18.05%	15.03%	9.36%	4.25%
Off-setting between divisions	-758,024,336	-760,724,902				
According to areas						
Mainland China	6,335,795,910	4,806,029,913	24.14%	-4.30%	1.29%	-4.19%
H.K. China	33,952,873	23,040,307	32.14%	-88.43%	-86.22%	-10.90%
Europe	132,787,154	109,213,427	17.75%	-56.12%	-55.67%	-0.83%
Asia (excluding Mainland China and H.K.)	304,252,167	233,760,171	23.17%	9.76%	19.44%	-6.23%
North America	81,199,816	56,867,626	29.97%	45.60%	42.27%	1.64%
Australia	85,052,465	51,302,339	39.68%	-9.11%	-14.25%	3.61%
Other region	2,742,122	2,317,483	15.49%	-86.36%	-86.23%	-0.79%

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest one year's scope of period-end

Applicable  Not applicable

#### IV. Assets and liability analysis

##### 1. Major changes of assets

Unit: RMB

	End of 2014		End of 2013		Ratio changes (%)	Notes of major changes
	Amount	Ratio in total assets (%)	Amount	Ratio in total assets (%)		
Cash at bank and on hand	158,139,050	1.05%	279,672,523	1.85%	-0.80%	Mainly because the turnover of funds speeded up this year.
Accounts receivable	318,274,574	2.11%	136,430,683	0.90%	1.21%	Mainly because operation revenue increased deducting fine glass industry, and Wujiang solar energy project entered commercial operation led the account receivable increased slightly.
Inventories	390,652,618	2.58%	378,684,712	2.51%	0.07%	--
Long-term equity investments	751,623,543	4.97%	770,037,176	5.11%	-0.14%	--
Fixed assets	9,851,117,915	65.17%	7,979,937,683	52.92%	12.25%	Mainly because construction of some subsidiaries had completed and construction in progress of these

						subsidiaries were transferred into fixed assets.
Construction in progress	1,934,595,736	12.80%	2,762,418,100	18.32%	-5.52%	Mainly because construction of some subsidiaries had completed and construction in progress of these subsidiaries were transferred into fixed assets.

## 2. Major changes of liability

Unit: RMB

	End of 2014		End of 2013		Ratio changes (%)	Notes of major changes
	Amount	Ratio in total assets (%)	Amount	Ratio in total assets (%)		
Short-term borrowings	1,957,123,175	12.95%	1,424,743,800	9.45%	3.50%	Mainly because more short-term financing bills issued.
Long-term borrowings	383,817,820	2.54%	302,904,204	2.01%	0.53%	--
Non-current liabilities due within one year	2,119,066,755	14.02%	399,849,715	2.65%	11.37%	Mainly because payable bond which will mature in Oct. 2015 was reclassified as non-current liabilities due within one year.

## 3. Assets and liability measured by fair value

√Applicable □Not applicable

Unit: RMB

Item	Amount at period-begin	Gains/losses from changes of fair value	Accumulative changes of fair value reckoned into equity	Impairment accrual	Purchased amount	Amount on sale	Amount at period-end
Financial assets							
Financial assets available for sale	122,760,000		59,886,100			37,078,000	145,568,100
Subtotal of financial assets	122,760,000		59,886,100			37,078,000	145,568,100
Total	122,760,000		59,886,100			37,078,000	145,568,100

Whether measurement attribution for assets has major changes in reporting period or not

□Yes √No

## V. 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.

④ The 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 report period, the Company's core competitiveness remains strong.

## VI. Investment analysis

### 1. External equity investment

#### (1) External investment

Applicable Not applicable

external investment		
Amount invested in 2014 (RMB)	Amount invested in 2013 (RMB)	Changes
18,361,667	23,000,000	-20.17%
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	6.65%

#### (2) Statement on holding shares of other listed company

The Company held 14,370,000 shares of Golden Glass and had 6.65% voting rights. Directors and key managers of Golden Glass are not appointed by the Company, the Company doesn't participate or impact finance and operation decision-making or routine operation activities of Golden Glass in other way, thus, the Company shows no major influence on Golden Glass, so the shares held by the Company was calculated as equity instrument available for sale.

In the report period, the Company sold 3,630,000 shares of Golden Glass and the return on investment was RMB 6,912,150.

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

Particular about main subsidiaries and joint-stock companies

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 float glass products and deep	RMB 166.66 million	891,128,447	390,826,124	849,743,395	45,021,894	98,227,937

			processing of glass						
Sichuan CSG Energy-saving Glass Co., Ltd	Subsidiary	Manufacturing	Development, manufacture and sales of special glass and deep processing of glass	RMB 180.00 million	628,465,430	305,624,907	528,901,934	102,208,059	97,694,716
Tianjin CSG Energy Conservation Glass Co., Ltd	Subsidiary	Manufacturing	Development, producing and sales of energy-saving special glass	RMB336 million	767,437,690	566,317,327	694,258,015	127,698,100	118,888,073
Dongguan CSG Architectural Glass Co., Ltd.	Subsidiary	Manufacturing	Deep processing of glass	RMB 240 million	888,372,937	434,945,127	814,277,503	136,216,205	119,468,461
Dongguan CSG Solar Glass Co., Ltd.	Subsidiary	Manufacturing	Manufacture and sales of Solar-Energy Glass	RMB 480 million	1,156,750,174	544,971,670	790,339,133	113,537,872	100,250,320
Yichang CSG Polysilicon Co., Ltd.	Subsidiary	Manufacturing	Manufacture and sales of high purity silicon material products	RMB 1,467.98 million	3,072,512,373	947,407,363	736,446,474	48,162,342	49,320,773
Wujiang CSG East China Architectural Glass Co., Ltd.	Subsidiary	Manufacturing	Deep processing of glass	RMB 320 million	726,793,152	495,853,379	707,501,425	130,541,838	111,944,566
Dongguan CSG PV-tech Co., Ltd.	Subsidiary	Manufacturing	Manufacture and sales of solar cells	RMB 516 million	858,969,948	318,790,530	403,139,720	2,006,384	8,026,685
Hebei CSG Glass Co., Ltd.	Subsidiary	Manufacturing	Manufacture and sales of vary special float glass	USD 48.06 million	715,701,454	378,127,567	435,191,916	-18,914,485	-11,622,532
Wujiang CSG Glass Co., Ltd.	Subsidiary	Manufacturing	Manufacture and sales of vary special float glass	RMB 565.04 million	1,739,321,618	643,316,898	860,367,290	-6,113,629	-1,269,055
CSG (Hong Kong) Limited	Subsidiary	Trading	Glass trading and investment holding	HKD 86.44 million	935,801,891	883,189,651	206,356,208	137,671,703	133,714,868
Hebei Panel Glass Co., Ltd.	Subsidiary	Manufacturing	Manufacture and sales of vary ultra-thin electronic glass	RMB 243 million	352,550,393	298,839,829	163,883,699	55,715,193	52,165,784
Xianning CSG Glass Co., Ltd.	Subsidiary	Manufacturing	Developing and manufacture and sales of vary special glass	RMB 235 million	726,208,952	267,280,732	692,081,745	-2,219,937	23,635,632
Xianning CSG Energy-saving Glass	Subsidiary	Manufacturing	Deep processing of glass	RMB 215 million	660,061,139	285,471,493	281,365,538	50,288,457	51,130,378

Co., Ltd									
Qingyuan CSG Energy Conservation New-materials Co., Ltd.	Subsidiary	Manufacturing	Manufacture and sales of varied ultra-thin electronic glass	RMB 300 million	440,118,055	280,708,182	0	-10,451,095	-7,838,321
CSG (Australia) Limited	Subsidiary	Trading	Glass trading	AUD 500,000	18,670,659	8,851,782	85,052,465	10,063,554	7,045,289
Jiangyou CSG Mining Development Co., Ltd.	Subsidiary	Manufacturing	Manufacture and sales of silica sand and co-product	RMB 100 million	170,645,317	69,686,505	62,166,207	-5,234,406	-7,979,837
Yichang CSG Photoelectric Glass Co., Ltd.	Subsidiary	Manufacturing	Manufacture and sales of varied ultra-thin electronic glass	RMB200 million	450,794,459	210,746,613	1,608,439	-6,122,980	-11,637,179
Shenzhen CSG Display Technology Co., Ltd.	Joint-stock company	Manufacturing	Manufacture and sales of display device products	RMB 143 million	1,659,668,785	849,987,463	614,918,196	190,407,151	157,597,882

#### Notes of main subsidiaries and joint-stock companies

Impact by overcapacity in industry and insufficient demand over float glass industry of the Company, performance of relevant subsidiaries declined dramatically. On basis of expansion in production capacity, architectural glass increased the sales via adjusting sales strategy, controlling cost efficiently, and enabled the performance of the subsidiaries in the industry promoted compared with last year. At the same time, Yichang CSG Polysilicon turned to commercial operation in June. Benefited from the technical transformation achievement of Polysilicon, solar energy industry made a turnaround from loss in the year, thus, subsidiary of solar energy industry got dramatically growth in performance. Affected by the fierce competition in display industry and relocation, Shenzhen CSG Display Technology Co., Ltd, joint-stock company of CSG, and its subsidiaries suffered a substantial slump in performance.

Particular about subsidiaries obtained or disposed in the report period

√ Applicable    □ Not applicable

Company Name	The purpose of obtaining and disposing subsidiaries during the report period	The method of obtaining and handling subsidiaries during the report period	The influence to the whole production and performance
Shenzhen CSG Float Glass Co., Ltd.	Owing to the two aged float glass lines, Shenzhen CSG Float has defects of more investment and high-energy consumption compared with other float glass lines of CSG. That made the high general cost of product, and lost the competitiveness. For general development of CSG flat glass industry, the Company decided to transfer equity of Shenzhen CSG Float.	The Company transferred 100% shares of Shenzhen CSG Float to GoldenTime Investment Consultant (Shenzhen) Co., Ltd.. The transfer procedure completed in April, 2014.	The transfer brought RMB 311,247,064 investment earnings

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

Unit: RMB'0,000

Project	Investment amount	Amount invested in this year	Accumulative amount actually invested ended as period-end	Progress of project(finished in 2014)	Returns from project
Xianning CSG project	108,670	19,563	107,090	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 put into operation in Sep. 2014.	In the report period, the project has been completed, and the net profit was RMB74.77 million.
Polysilicon cold hydrogenation, technological transformation project of distillation system, reduction furnace and CDI system	59,616	5,676	58,993	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. The project had been completed and entered into commercial operation in June 2014.	In the report period, the project has been completed, and the net profit was RMB40.54 million.

Wujiang CSG PV Glass project	57,980	12,977	51,970	Being considered all factors and matching the terminal market, removed Heyuan CSG PV glass project to Wujiang 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, and entered into commercial operation.	In the report period, the project has been completed, and the net profit was RMB4.7 million.
Yichang CSG 700MW solar cell project	198,000	25,479	33,785	Plans to establish the silicon productivity expansion project in Yichang CSG, 300MW project has completed in 2014. Remaining approximately 400MW project will be invested in due time according to the situation.	Part of the project completed, and the net profit was RMB2.31 million in the report period
Subtotal	424,266	63,695	251,838	--	--
Project	Investment amount	Amount invested in this year	Accumulative amount actually invested ended as period-end	Progress of project (expected to finished from 2015-2017)	Returns from project
Expansion on energy-saving glass capacity of Chengdu project	19,835	18,116	18,116	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 2015.	At present, there's no profit from the project.
Yichang CSG ultra-thin electronic glass project	32,000	12,012	33,117	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 0.33~1.1mm ultra-thin glass. The annual productivity of the line expected to be 34,440 tons of ultra-thin electronic 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	30,026	32,919	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	At present, there's no profit from the project.

				performance ultra-thin electronic glass. The project ignited in Feb. 2015, and entered into trial operation.	
Dongguan CSG solar on-line coated project	39,000	15,138	15,138	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.	The project was still in construction in the report period.
Hebei Panel Glass project of medium-alumina ultra-thin electronic glass	25,950	0	0	Plans to established a production line for medium-alumina ultra-thin electronic glass in Hefei Panel Glass, the production line uses clean natural gas as the fuel, and produce 0.33mm ~ 1.1mm medium-alumina ultra-thin glass with the float process.	The project was still in preparation.
Subtotal	163,951	75,292	99,290	--	--
Project	Investment amount	Amount invested in this year	Accumulative amount actually invested ended as period-end	Progress of project (projects suspension)	Returns from project
Expansion on energy-saving glass capacity of Wujiang Project	47,913	0	21,239	Planning to increase two coating glass production lines and support insulating glass capacity. When the project 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.	In the report period, part of the project has been completed and the revenue was not calculated individually.
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	280,843	0	21,239	--	--



<b>Total</b>	869,060	138,987	372,367	--	--
Explanation on major investment with non-raised proceeds					
1. Xianning CSG projects included energy-saving glass and its materials projects. These projects 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 2012.					
4. Wujiang CSG PV Glass project has been deliberated and approved by extraordinary meeting of the 6 <sup>th</sup> board of directors on 30 April 2013.					
5. 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.					
6. Dongguan CSG solar on-line coated project has been deliberated and approved by extraordinary meeting of the 6 <sup>th</sup> board of directors on 24 Jan. 2014.					
7. Hebei Panel Glass project of aluminum ultra-thin electronic glass has been deliberated and approved by 4 <sup>th</sup> meeting of 7 <sup>th</sup> board of directors on 27 Oct. 2014.					

## VII. Future Development Prospects

### 1. Development Trend of the Industry

In 2015, the domestic economic situation remains tough. Flat glass industry still confronts the dual pressure of weakened market demand arising from property market adjustment and a serious overcapacity in low-end market, and float glass remains to face heavy pressure in product price. The overall development of the industry is not optimistic. Since early 2015, Ministry of Industry and Information Technology further raised threshold for flat glass industry, besides local government intensified to eliminate the outdated capacities all over the country, flat glass market will become stable gradually, therefore profitability of the leading enterprise who owes a cost advantage will be sustained. In 2015, production capacity expansion of ultra-thin glass in domestic market will further increase. Benefited from relatively high threshold of technology in the industry, popularity of downstream electronic products and rapid growth of smart mobile phone market, the development potential of this industry is still huge.

Market demand for architectural glass industry will slow down influenced by property market adjustment in 2015. Meanwhile, homogeneity competition will be further intensified, which brings challenge for development of the industry. Due to government's more attention to energy-saving and environment-protection and people's increasing awareness of environment-protection and higher requirement of living conditions, green buildings and green construction materials will be future development trend, which means that there is larger market potential for energy-saving glass. Challenges and opportunities coexist in the development of the industry.

Solar photovoltaic glass still faces the pressure of overcapacity in 2015. After a trough for photovoltaic industry, government enhances supports for this industry and encourages cultivating leading enterprises. Also, emerging of photovoltaic application market such as photovoltaic power generation industry in downstream markets contributes to benign development of PV market. It is expected for the industry to a new stage with expanding scale and bright prospects.

## 2. Development Strategy

Future development strategy of the Company will center on the energy-saving and renewable energy industry. Consolidate and establish its technology advantages and market position in the field of energy-saving glass and solar photovoltaic through technology innovation and economies of scale. The Company will meticulously promote its core competitiveness and sustainable development ability in the field of glass industry, display device industry and photovoltaic solar energy industry, create independent capital and industry platform for the fine glass industry, to ensure that CSG becoming one of the world-leading manufacturers.

## 3. Business Plan of 2015

- ① Elaborately plan, concerted supervise and elaborately operate to ensure to accomplish the development and operation targets for 2015.
- ② Continue to implement cautious financial policy, strengthen management on working capital and budget control, strengthen supervision to financial affairs, and strictly prevent financial risk.
- ③ Intensify R&D on new products, new technology and new technics, keep innovation advantage in aspect of technology and products.
- ④ Strictly control all costs and expenses, improve refined management, strengthen the internal control, achieved a low-cost and efficiency operation mode;
- ⑤ Further enhance utilization rate of the equipments, consolidate and improve market share, further to deepen differential management, speed up transformation and upgrading for products, enlarge brand advantage of CSG, occupy high-end market firmly;
- ⑥ give priority to talent cultivation and team building, implement assessment for all the staff, reserve cadres training, staff training and fix work posts and define personnel quota;
- ⑦ Further standardize the operation procedures of the Company, promote controlling measures for internal control, introduce an information platform and positively prevent various operational risks;
- ⑧ Promote the level of informationization, improve work efficiency.

## 4. Capital Requirements, Plan and Sources

In 2015, CSG capital expenditure budget is about RMB1.187 billion, which is mainly used in the project construction of Qingyuan high-performance ultra-thin electronic glass project, Hebei Panel Glass medium alumina glass, wafer expanding project in Yichang CSG and other projects in construction of the previous year. The capital is mainly from self-owned capital of CSG and loans borrowed from financial institutions.

## 5. Risks and Countermeasures

In 2015, because of the intricate political and economic situations, the Company will face with following risks and challenges:

- ① The flat glass industry continues to face the pressure of overcapacity and soaring costs, while intensifying homogeneity competition will challenge the architectural glass industry. The situation of solar PV industry is still grim. In response to the risks, the Company will take the following measures as:
  - A. The Company will take technology and management innovation as the target, further deepen differentiation operation, avoid homogenization competition by high quality and differentiation products and advanced management idea, and maintain the profitability of the Company.
  - B. Pay attention to the changes of international situation, and positively explore emerging market.
  - C. Strengthen financial management, especially the accounts receivable and inventory management to control operational risks.
  - D. Adjust investment strategy according to market change, and control the investment rhythm.
- ② The costs of the labor go up and raw materials fluctuate sharply. For this purpose, the Company will take following measures:
  - A. Strengthen lean management, and reduce spillage of materials.

- B. Keep close watch on the market changes, and lock the prices of bulk commodity timely.
- C. Make use of bulk purchasing superiority to reduce the purchase cost.
- D. Promote automatic production level, and improve labor productivity.
- ③ Risk of exchange rate fluctuations: At present, nearly 9.08% CSG sales revenue comes from overseas, so exchange rate fluctuation will influence the CSG operation. In response to the risk, the company will timely settle exchange and lock the exchange rate by using effective safety tools and products.

### VIII. Explanation on changes of accounting policy, estimation and calculation method as compared with last year's financial statement

√Applicable    □ Not applicable

In 2014, the Ministry of Finance of the PRC issued CAS 39 "Fair Value Measurement", CAS 40 "Joint arrangement", CAS 41 "Disclosure of Interests in Other Entities", CAS 2 "Long-Term Equity Investments"(revised), CAS 9 "Employee Benefits" (revised), CAS 30 "Presentation of Financial Statements" (revised), CAS 33 "Consolidated Financial Statements" (revised) and CAS 37 "Presentation of Financial Instrument" (revised). Other than CAS 37 "Presentation of Financial Instrument" (revised), which should be implemented for the financial statements of annual 2014 and ever since, other statements should be applied from 1 July 2014. The proposal on "Changes of Accounting Policy" was deliberated and approved in the 4<sup>th</sup> meeting of the 7<sup>th</sup> board of directors on 27 October 2014.

The Group has adopted the above new standards to prepare the financial statements for the year ended 31 December 2014, and the major impacts are as follows:

Details and reasons for changes of accounting policies	Affected accounts and amount
Accounting treatment in relation to long-term equity investments has been restated under the <i>Accounting Standard for Business Enterprises No.2-Long-Term Equity Investments</i> .	Please see the table(a) as below for the details
Several items in the financial statements have been revised or added and the comparative financial information has been adjusted accordingly in compliance with the above prescribed standards, and the balance sheet as at 1 January 2013 has been presented according to <i>Application Guidance for Accounting Standard for Business Enterprises No. 30 - Presentation of Financial Statements</i> .	Please see the table(b) as below for the details
Disclosure in relation to fair value has been prepared under the <i>Accounting Standard for Business Enterprises No. 39 - Fair Value Measurement</i> , but the relevant information of the comparative period has not been adjusted according to the standard.	N/A
Disclosure in relation to the interests of the Group in other entities has been prepared under the <i>Accounting Standard for Business Enterprises No. 41 - Disclosure of Interests in Other Entities</i> . The financial information of the comparative period has been adjusted accordingly.	N/A

(a) Accounts and amount affected by the first item in changes of accounting policies as listed above:

Item	31 December 2013	01 January 2013
Other comprehensive income	-112,417,641	-112,417,641
Undistributed profits	104,227,304	104,227,304
Surplus reserve	8,190,337	8,190,337
<p>The Company held shares of Guangdong Golden Glass Technologies Limited (“Golden Glass”). On 30 June 2011, the Company ceased to have significant influence over this company due to changes in directors, and the accounting treatment was changed from long-term equity investments- equity method to financial assets- recognition and measurement of held-for-sale assets. As at 30 June 2011, the difference between the fair value of shares held by the Company in golden glass and carrying amount of original long-term investments was charged into capital reserve, and it shall be recorded into investment income for current period according to the revised 2014 accounting standards.</p>		
(b) Accounts and amount affected by the second item in changes of accounting policies as listed above:		
Item	31 December 2013	01 January 2013
Other non-current liabilities	-432,364,880	-287,373,063
Deferred revenue	432,364,880	287,373,063
Capital surplus	-45,915,972	-36,058,970
Other comprehensive income	43,980,241	37,076,752
Differences on translation of foreign currency financial statements	1,935,731	-1,017,782

## IX. Explanation on change of consolidation scope of financial statements as compared with last year

Applicable  Not applicable

Compared with 2013, one unit was eliminated from consolidation this year for the following reason:

The Company lost control over Shenzhen CSG Float Glass Co., Ltd by selling 100% equity of it, and it is no longer incorporated in consolidated financial statements.

## X. Profit Distribution and Dividend Payout

Formulation, execution or adjustment of Profit distribution policy, cash dividend policy in particular, during the reporting period

Applicable  Not applicable

The profit distribution plan for year of 2013 was approved in 2013 Annual General Meeting on 14 April 2014, that is, distribute RMB 3 (tax included) in cash for every 10 shares to all shareholders. And the distribution announcement released in China Securities Journal, Securities Times and Hong Kong Commercial Daily on 28 April 2014 and relevant distribution has completed.

Special explanation on cash dividend policy	
Satisfy regulations of General Meeting or requirement of Article of Association	Y

(Y/N)	
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

Statement on profit distribution plan and capitalization of capital reserve plan of the Company in nearly three years (including the reporting period)

Statement on profit distribution plan and capitalization of capital reserve plan of the Company in 2014: base on 2,075,335,560 shares of the total shares while dividends will be distributed, distributing cash dividend of RMB 5.00 (tax included) for every 10 shares to all share holders. In 2014 the Company will not transfer capital reserve into capital.

Statement on profit distribution plan and capitalization of capital reserve plan of the Company in 2013: base on 2,075,335,560 shares of the total shares while dividends will be distributed, distributing cash dividend of RMB 3.00 (tax included) for every 10 shares to all share holders. In 2013 the Company will not transfer capital reserve into capital.

Statement on profit distribution plan and capitalization of capital reserve plan of the Company in 2012: based on 2,075,335,560 shares of the total shares while dividends were distributed, distributing cash dividend of RMB 1.50 (tax included) for every 10 shares to all share holders. In 2012 the Company did not transfer capital reserve into capital.

Cash dividend in latest three years

Unit: RMB

Year for bonus shares	Amount for cash dividend (tax included)	Net profit attributable to shareholders of listed company in consolidation statement for bonus year	Ratio in net profit attributable to shareholders of listed company contained in consolidation statement (%)
2014	1,037,667,780	873,653,030	118.77%
2013	622,600,668	1,535,929,739	40.54%
2012	311,300,334	274,746,219	113.30%

The Company gains profits in reporting period and the retained profit of parent company is positive but no plan of cash dividend proposed

Applicable  Not applicable

## XI. Proposal of profit distribution preplan or share conversion from capital public reserve

Distributing bonus shares for every 10 shares (share)	0
Distributing cash dividend for every 10 shares (tax included) (RMB)	5
Shares added for every 10-share base (Share)	0
Equity base for distribution preplan (share)	2,075,335,560
Total amount distribution in cash (RMB) (tax included)	1,037,667,780
Profit available for distribution (RMB)	1,588,753,536

Cash distributing accounted for the proportion of the total amount of profit distribution (%)	100.00%
Cash dividend policy	
Other	
Details of Proposal of profit distribution preplan or share conversion from capital public reserve	
<p>According to the financial report audited by PricewaterhouseCoopers Zhong Tian LLP., the net profit attributable to equity holders of the Company in consolidated statement is RMB 873,653,030 in 2014, and the net profit of parent company statement is RMB 575,336,724 in 2014. Since cash dividend distribution bases on the distributable profit of the company, the Company took 10% of the net profit as stationary surplus reserve which was RMB 57,533,672 based on the net profit RMB 575,336,724 of parent company statement 2014. Profit available for distribution in 2014 is RMB 1,588,753,536.</p> <p>The Board of Directors proposed to distribute every shareholder RMB 5.00 (including tax) for each 10 shares based on the amount 2,075,335,560 shares, and the total amount distribution is RMB1,037,667,780 (including tax). Board of directors consider that this proposal of profit distribution meet the specification of Corporation Law, Accounting Standard for Enterprises and Articles of Association. The above profit distribution preplan must be submitted to the 2014 Annual General Meeting of shareholders.</p>	

## XII. Social responsibilities

2014 Annual Social Responsibilities Report of CSG was the 7<sup>th</sup> year the Company consecutively released social responsibilities report, the report emphasized in 2014, systemically formulated the Company's spirit of Factualism, Innovation, Unity and Efficiency, the concrete actions of how to positively perform the social duties, and the efforts to implement the scientific development perspective, build a harmonious society, and advance the sustainable development of economic society. See the full report on [www.cninfo.com.cn](http://www.cninfo.com.cn).

The listed company and subsidiaries is in the range of heavy pollution industry that regulated by State environment protection departments

Yes No Not applicable

The listed company and subsidiaries owes other major social safety issues

Yes No Not applicable

Administrative penalty occurred in reporting period

Yes No Not applicable

## XIII. In the report period, reception of research, communication and interview

Time	Place	Way	Type	Reception	Contents discussed and material provided
2014-5-28	The Company	Field research	Institution	HSBC Global Assets Management (H.K.) Co., Ltd., Macquarie Bank Limited	Introduced the operation condition of the Company disclosed
2014-8-19	The Company	Field research	Institution	Rongtong Fund Management Co., Ltd., Essence Securities Co., Ltd., Shenzhen Jingjiantou Holding Limited, Founder Securities Co., Ltd., Minsheng Tonghui Asset Management Co., Ltd., First State Cinda Fund	Introduced the operation condition of the Company disclosed

				Management Co., Ltd., Beijing Xingshi Investment Management Co., Ltd., Guangzhou Shize Investment Management Co., Ltd., and Houde Investment (China) Limited	
Reception (times)			2		
Number of hospitality			11		
Number of individual reception			0		
Number of other reception			0		
Disclosed, released or let out major undisclosed information			No		

## Section V Important Events

### I. Significant lawsuits and arbitrations of the Company

Applicable  Not applicable

No significant lawsuits and arbitrations occurred in the reporting period

### II. Questioned from media

Applicable  Not applicable

No media questioned for the Company in reporting period

### III. Assets transaction

#### 1. Acquisition of assets

Applicable  Not applicable

#### 2. Assets sold

Applicable  Not applicable

Counterparty	Assets for sale	The date of sale	Transaction price (in 10 thousand Yuan)	The net profits contributed to the listed company by the asset from the beginning of current period to the date of sale (in 10 thousand Yuan)	Impact on the Company	The proportion of the net profits that the assets contributed to the listed company in total profits	Pricing principle	Related transaction confirmed (Y/N)	The association with the counterpart (Applicable for related transaction)	The ownership of property rights that involved has transferred totally (Y/N)	The creditor's rights and debts that involved has transferred totally (Y/N)	Date of disclosure	Index of disclosure
Golden Time Investment Consultant (Shenzhen) Co., Ltd.	100% equity of Shenzhen CSG Float Glass Co., Ltd.	2014-4-30	91,800	-323	RMB 311.25 million investment earnings	35.63%	Refer to the pricing of net assets of the target company	No	Not applicable	Yes	Yes	2013-9-28	2013-028



## IV. 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.

Industry situation and market conditions experienced substantial changes after the Company launched the share option incentive plan, thus the incentive plan can hardly reach the expected incentive effects. Meanwhile, with consideration of opinions and advice from certain minority shareholders, the Company decided to cancel Proposal of Incentive Plan for Restricted Stock of A-share (Draft) after prudent consideration, also the related Assessment Method on Grantee under Proposal of Incentive Plan for Restricted Stock of A-share was cancelled as well. The proposal on Cancellation of Incentive Plan for Restricted Stock of A-share (draft) was deliberated and approved at the 3rd meeting of the 7th board of directors on 1 August 2014, 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 5 August 2014.

## V. 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 (in 10 thousand Yuan)	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.	CSG holds 44.70% of the equity of Shenzhen CSG Display Technology Co., Ltd.	Sales products and commodities to related person	Sales of ultra-thin glass	Refers to market price	N/A	1,264	0.18%	Monthly cost	N/A	2014-1-14	2014-003
Total				--	--	1,264	--	--	--	--	--
Details of major sold-out order sent back				N/A							
Necessity and sustainable of related transaction as well				The routine related transactions above mentioned are consistent with the principle of fairness, inside							

as reasons of related transaction with related parties(not with other marketing dealers)	the scope of regular service of the Company, which are in favor of reducing operation cost between two parties and enlarging sales channel of the Company
Influence on independence of listed company from related transaction	The related transactions shows harmless to interest of minority shareholders and has no impact on independence of the Company
The Company's degree of dependence on related party and related countermeasures (if any)	Business of the Company has no independence on related parties due to such transactions or being controlled by related parties
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

## 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 (Yes or no)
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 (Yes or no)
Yichang Photovoltaic Glass Co., Ltd.	2014/3/25	8,000	2014/6/25	1,456	General guarantee	3 years	No	No
Yichang CSG Polysilicon Co., Ltd.	2014/8/5	1,000	2014/10/17	1,000	General guarantee	1 year	No	No
Dongguan CSG PV-tech Co., Ltd	2014/8/5	6,000	2014/10/13	903	General guarantee	1 year	No	No
Qingyuan CSG Energy Conservation New-materials Co., Ltd.	2014/8/5	8,000	2014/8/7	5,945	General guarantee	3 years	No	No
Qingyuan CSG Energy Conservation New-materials Co., Ltd.	2014/8/5	30,000	2014/12/26	2,000	General guarantee	1 year	No	No
Total amount of approving guarantee for subsidiaries in report period (B1)		374,400		Total amount of actual occurred guarantee for subsidiaries in report			41,272	

		period (B2)	
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)	395,523	Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)	59,722
Total amount of guarantee of the Company( total of two abovementioned guarantee)			
Total amount of approving guarantee in report period (A1+B1)	374,400	Total amount of actual occurred guarantee in report period (A2+B2)	41,272
Total amount of approved guarantee at the end of report period (A3+B3)	395,523	Total balance of actual guarantee at the end of report period (A4+B4)	59,722
The proportion of the total amount of actually guarantee in the net assets of the Company(that is A4+ B4)			7.15%
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. Implementation of commitments

### 1. Commitments made by the Company or shareholders holding above 5% shares of the Company in reporting period or extending to reporting period.

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	2006-5-22	N/A	By the end of the report period, the above shareholders of the Company had strictly carried out their promises.

		short) listed in Hong Kong united stock exchange main board. Shenzhen International made commitment that it would strictly carry out related 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 unfinished commitment and further plan	Not applicable				

### VIII. Appointment and non-reappointment (dismissal) of CPA

Accounting firm appointed

Name of domestic accounting firm	PricewaterhouseCoopers Zhong Tian LLP
Remuneration for domestic accounting firm (RMB 0'000)	280
Continuous life of auditing service for domestic accounting firm	13 years
Name of domestic CPA	Yao Wenping, Yang Hua

Whether re-appointed accounting firms in this period or not

Yes  No

Appointment of internal control auditing accounting firm, financial consultant or sponsor

Applicable  Not applicable

PricewaterhouseCoopers Zhong Tian LLP was engaged as audit institute of internal control for the Company in the report period, RMB 0.25 million paid for expenses (not including traveling and accommodation expenses).

## IX. Statement on Other Important Matters

### 1. Sales of stock odd lots

The Company has 139,745 stock odd lots arising from implementation of dividend distribution, and the shares are recorded in specific account of Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. (“CSDC” for short). In order to solve the stock odd lots matter left over by history, according to the requirement of China Securities Regulatory Commission, the Company signed an agreement of *Listed Companies Entrust Shenzhen Branch of CSDC to sell Odd Lots* and authorized CSDC to sell Odd Lots. In August 2014, net income of RMB 1,045,450 was received and classified into capital reserve account in accordance with the provisions.

### 2. Super & Short-term Commercial Paper (SCP)

On 10 December 2014, the “Application for Registration and Issuance of Super & Short-term Commercial Paper” was deliberated and approved in the 1st Extraordinary General Meeting 2014 of CSG Holding Co., Ltd.. The meeting agreed the Company to issue Super & Short-term Commercial Paper with registered capital of RMB 4 billion at most, validity within 2 years.

### 3. Medium-term Notes

On 10 December 2014, the “Application for Registration and Issuance of Medium-term Notes” was deliberated and approved in the 1st Extraordinary General Meeting 2014 of CSG Holding Co., Ltd., The meeting agreed the Company to issue medium-term notes with total amount of RMB 1.2 billion at most, which can be registered step by step according to the actual capital demand of the Company and situation of capital in interbank market. Each registration is valid for 2 years. The Company can choose the appropriate opportunity to issue medium-term notes during the period of validity.

### 4. 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 25 August 2014, the Company continued to issue the 3rd batch of short-term financing bills for the year with a total amount of RMB 400 million and annual interest rate of 5.10%, and the expiry date is 25 August 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, which was redeemed on 16 March 2015. 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).

## **X. Issuance of corporate bonds by the Company**

Applicable    Not applicable

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 2014, 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, 21 October 2013 and 20 October 2014. 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

	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%				-223,950	-223,950	10,060,247	0.48%
1. State-owned shares	0	0.00%					0	0	0.00%
2. State-owned legal person's shares	0	0.00%					0	0	0.00%
3. Other domestic shares	10,284,197	0.50%				-223,950	-223,950	10,060,247	0.48%
Including: Domestic legal person's shares	0	0.00%					0	0	0.00%
Domestic natural person's shares	10,284,197	0.50%				-223,950	-223,950	10,060,247	0.48%
4. Foreign shares	0	0.00%					0	0	0.00%
Including: Foreign legal person's shares	0	0.00%					0	0	0.00%
Foreign natural person's shares	0	0.00%					0	0	0.00%
II. Unrestricted shares	2,065,051,363	99.50%				223,950	223,950	2,065,275,313	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%				-77,250	-77,250	762,506,742	36.75%
3. Overseas listed foreign shares	0	0.00%					0	0	0.00%
4. Others	0	0.00%					0	0	0.00%
III. Total shares	2,075,335,560	100.00%					0	2,075,335,560	100.00%

### 2. Changes of restricted shares

√Applicable □ Not applicable

Unit: share

Shareholders' name	Number of shares restricted at Period-begin	Number of shares released in the Year	Number of new shares restricted in the Year	Number of shares restricted at Period-end	Restriction reasons	Released date
Lu Wenhui	573,750	573,750	0	0	On 29 November 2013, Mr. Lu Wenhui was no longer in office of the Company as senior executive, shares held by Mr. Lu Wenhui	2014-5-29

						which had been locked up for six months by regulation.	
Zhang Bozhong	0	0	349,800	349,800		On 14 April 2014, Mr. Zhang Bozhong was appointed as vice president of the Company. Therefore, the 75% shares held by Mr. Zhang Bozhong, that was 349,800 shares (including 272,550 A share, 77,250 B share) were classified into the senior executives' restricted shares.	--
Total	573,750	573,750	349,800	349,800	--	--	--

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

#### 1. Amount of shareholders of the Company and particulars about shares holding

Unit: share

Total common shareholders in reporting period-end	195,297	Total common shareholders ended as the 5 <sup>th</sup> trading day before annual report disclosed	173,283	Total preference shareholders with voting rights recovered at end of reporting period (if applicable)	N/A			
Particulars about shares held above 5% by shareholders or top ten shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders 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	
							State of share	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	Domestic non	2.60%	53,928,813	-5,850,000	0	53,928,813		



Holdings (Shenzhen) Co., Ltd.	state-owned legal person							
China Merchants Securities (HK) Co., Ltd.	State-owned legal person	0.79%	16,339,038	9,716,636	0	16,339,038		
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.76%	15,672,052	301,888	0	15,672,052		
Hua Xia Bank Co., Ltd. – Huashang Market Quantization Selected Flexibly Configured Mixed Securities Investment Fund	Domestic non state-owned legal person	0.48%	9,888,198	9,888,198	0	9,888,198		
GUOTAIJUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	0.45%	9,326,241	-1,112,807	0	9,326,241		
GIC PRIVATE LIMITED	Foreign legal person	0.40%	8,329,614	330,500	0	8,329,614		
ICBC—Rongtong 100 Index Stock Investment Fund	Domestic non state-owned legal person	0.34%	6,995,513	-3,255,445	0	6,995,513		
CMBC—Yinhua 100 Grading Stock Investment Fund	Domestic non state-owned legal person	0.29%	6,020,361	-8,117,922	0	6,020,361		
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 Period-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.	53,928,813	RMB ordinary shares	53,928,813					

China Merchants Securities (HK) Co., Ltd.	16,339,038	Domestically listed foreign shares	16,339,038
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	15,672,052	Domestically listed foreign shares	15,672,052
Hua Xia Bank Co., Ltd. – Huashang Dapan quantize selected Flexibly Configured Mix Securities Investment Fund	9,888,198	RMB ordinary shares	9,888,198
GUOTAIJUNAN SECURITIES(HONGKONG) LIMITED	9,326,241	Domestically listed foreign shares	9,326,241
GIC PRIVATE LIMITED	8,329,614	Domestically listed foreign shares	8,329,614
ICBC—Rongtong 100 Index Stock Investment Fund	6,995,513	RMB ordinary shares	6,995,513
CMBC—Yinhua 100 Grading Stock Investment Fund	6,020,361	RMB ordinary shares	6,020,361
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 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 about top ten common shareholders with un-restrict shares held(if applicable) (see note4)	N/A		

Whether top ten common shareholders or top ten common shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period

Yes  No

The top ten common shareholders or top ten common shareholders with un-restrict shares held of the Company have no buy-back agreement dealing in reporting period.

## 2. Controlling shareholder of the Company

Not exist

Explanation on the Company without controlling shareholder

The Company has no controlling shareholder so far, Shenzhen International Holdings Co., Ltd. is the first largest shareholder of the Company. At the end of report period, Shenzhen International Holdings Co., Ltd. holds 5.59% equity of the Company in total through Shenzhen International Holdings (Shenzhen) Co., Ltd. and Xin Tong Chan Industrial Development (Shenzhen) Co., Ltd. Other shareholders of the Company hold less than 5% of total shares.

Changes of controlling shareholders in the report period

Applicable  Not applicable

### 3. Actual controller of the Company

Not existing

Explanation on the Company without actual controller

The Company has no actual controller so far, Shenzhen International Holdings Co., Ltd. is the first largest shareholder of the Company, which holds 5.59% equity of the Company at the end of the report period. Shenzhen International Holdings established in Bermuda in 1989, and was listed in main board of Hong Kong Exchanges and Clearing Co., Ltd. Other shareholders of the Company hold less than 5% of total shares at the end of the report period.

Whether the Company has shareholder who owes over 10% shares in ultimate controlling level

Yes  No

Shareholders with over 5% shares held in ultimate controlling level

Legal person

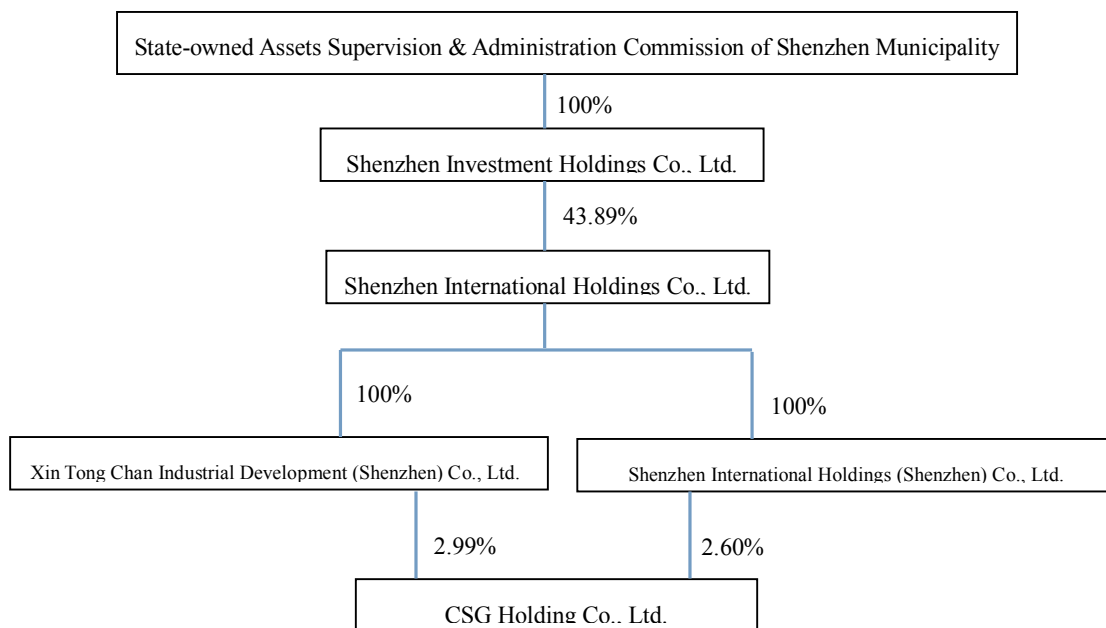
Shares held in ultimate controlling level

Shareholders	Legal rep./person in charge of the unit	Date established	Organization code	Registered capital	Main business
Shenzhen International Holdings Co., Ltd. (0152.HK)	Gao Lei	1989-11-10	Not applicable	HKD 2 billion (authorized capital)	Mainly engaged in investment, construction and operation of logistic infrastructure; and provided vary logistic value-added service based on infrastructure owned
Future development strategy	Taking Pearl river delta, Yangtze river Delta and Bohai Rim region as main strategy regions in China, invested, constructed and operated logistic infrastructure in logistic zone and toll roads through acquisition, reorganization and integration; provided high-end logistic value-add service to clients by application of supply chain management technology and information technology, create more value for shareholders.				
Operation result, financial situation, cash flow	Operation is normal, financial situation is good and cash flow stability is fine.				
Equity of domestic/foreign listed company controlled by ultimate shareholder in reporting period	50.889% equity of Shenzhen Expressway Co., Ltd. (600548.SH, 0548.Hk) were held				

Changes of actual controller in reporting period

Applicable  Not applicable

Property right and controlling relationship between the largest shareholder and the Company is as follow:



Actual controller controlling of the Company by entrust or other assets management

Applicable Not applicable

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

### Executives and Employees

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

Name	Title	Working status	Sex	Age	Start dated of office term	End date of office term	Shares held at period-begin (Share)	Amount of shares increased in this period (Share)	Amount of shares decreased in this period (Share)	Shares held at period-end (Share)
Zeng Nan	Chairman of the Board	Currently in office	M	70	2014-4-15	2017-4-15	4,500,388	0	0	4,500,388
Zhang Jianjun	Independent Director	Currently in office	M	50	2014-4-15	2017-4-15				
Fu Qilin	Independent Director	Currently in office	M	60	2014-4-15	2017-4-15				
Du Wenjun	Independent Director	Currently in office	F	46	2014-4-15	2017-4-15				
Li Jingqi	Director	Currently in office	M	58	2014-4-15	2017-4-15				
Guo Yongchun	Director	Currently in office	M	47	2014-4-15	2017-4-15				
Chen Chao	Director	Currently in office	M	59	2014-4-15	2017-4-15				
Yan Ganggang	Director	Currently in office	M	55	2014-4-15	2017-4-15				
Wu Guobin	Director/CEO	Currently in office	M	50	2014-4-15	2017-4-15	1,810,000	0	0	1,810,000
Long Long	Chairman of the Supervisory Committee	Currently in office	M	59	2014-4-15	2017-4-15				
Hong Guo'an	Supervisor	Currently in office	M	60	2014-4-15	2017-4-15				

Yan Wendou	Supervisor	Currently in office	M	47	2014-3-15	2017-4-15				
Zhang Bozhong	Vice President	Currently in office	M	50	2014-4-15	2017-4-15	466,400	0	0	466,400
Zhang Fan	Vice President	Currently in office	M	49	2014-4-15	2017-4-15	1,530,000	0	0	1,530,000
Luo Youming	Chief Financial Officer	Currently in office	M	52	2014-4-15	2017-4-15	1,790,000	0	0	1,790,000
Ke Hanqi	Vice President	Currently in office	M	49	2014-4-15	2017-4-15	1,730,000	0	0	1,730,000
Ding Jiuru	Vice President	Currently in office	M	52	2014-4-15	2017-4-15	1,374,375	0	0	1,374,375
Zhou Hong	Secretary of the Board	Currently in office	F	49	2014-4-15	2017-4-15	212,500	0	0	212,500
Sun Jingyun	Supervisor	Office leaving	F	49	2011-4-15	2014-3-15				
Total	--	--	--	--	--	--	13,413,663	0	0	13,413,663

## II. Post-holding

Major working experience of directors, supervisors and senior executive at the present in latest five years

**Zeng Nan**, took posts of Director General Manager, Director President and Vice Chairman of the Board in the Company. At present, he is the Chairman of the Board.

**Zhang Jianjun**, took posts of Dean and Professor of Economy College of Shenzhen University and Independent Director of Shenzhen Gas Corporation Ltd., Independent Director of Tapai Group and Independent Director of Shenzhen Chiwan Wharf Holdings Limited. At present, he is the Director and Professor of Accounting and Finance Research Institution of Shenzhen University, Independent Director of the Company, Independent Director of Shenzhen Airport Co., Ltd, Independent director of Shenzhen MYS Environmental Protection & Technology Company Ltd. and Independent director of Shenzhen Topway Video Communication Co., Ltd.

**Fu Qilin**, successively served as Dean of Law School of Jinan University, Dean of Law School of Capital University of Economics & Business, now he is the professor and doctoral adviser of China University of Political Science & Law, Independent Director of the Company.

**Du Wenjun**, successively took the post of group leader of IT research group of the institute of Jun An Securities Co., Ltd., director General Manager of the acquisition & merger headquarter of Guotai Junan Securities Co., Ltd., investment director of GTJA Innovation Investment Co., Ltd., assistant president of Guohai Securities Co., Ltd., At present, she is General Manager of Sealand Innovation Capital Investment Management Co., Ltd., independent director of Shenzhen Gas Corporation Ltd. and Independent Director of the Company.

**Li Jingqi**, now serves as Executive Director, President and deputy secretary of the Party Committee of Shenzhen International Holdings Co., Ltd. (corporate shareholder of the Company), Chairman and General Manager of Shenzhen International Holdings (SZ) Limited (corporate shareholder of the Company), chairman and general manager of Xin Tong Chan Industrial Development (Shenzhen) Co., Ltd. (corporate shareholder of the Company), chairman of Yibin Industrial (Shenzhen) Co., Ltd., president of Shenzhen Shengguanghui Expressway Corporation, Director of Shenzhen Expressway Co., Ltd, Director of the Company.

**Guo Yongchun**, took posts of General Manager of Investment II Division of China Northern Industries Corporation and post of Chairman of Chengdu Yihe Dynasty Hotel Co., Ltd. as well as General Manager of investment dept. of Northern Industries Technology Corporation. At present, he is the Deputy General Manager of Northern Industries Technology Co., Ltd., Director of the Company.

**Chen Chao**, successively took the posts of Chairman of former Yiwan Industrial Development (Shenzhen) Co., Ltd., Chairman and General Manager of Xin Tong Chan Industrial Development (Shenzhen) Co., Ltd., Chairman and General Manager of Shenzhen Expressway Co., Ltd., Vice-chairman and President of Shenzhen International Holdings Co., Ltd, the Chairman of the Company, Chairman of Shenzhen Tongge Group and the Chairman of Shenzhen Property Right Exchange Co., Ltd., Independent Director of Guangxi Wuzhou Communications Co., Ltd., Independent Director of the Company. At present, he is Director of the Company, Director of Shenzhen Boxiong Industrial Co., Ltd., Executive Partner of Shenzhen Balas Equity Investment Fund Management Co., Ltd.

**Yan Ganggang**, successively took the deputy director of law office of Shenzhen Legislative Affairs Bureau, Partner of Guangdong Liang and Yan Law Office. At present, he is the Partner of Guangdong Zhongzhen Law Office and Director of the Company.

**Wu Guobin**, took posts of Assistant to the General Manager of the Company, Secretary of the Board, Vice president of the Company and president of architectural glass division of the Company. At present, he is Director and CEO of the Company.

**Long Long**, took posts of Vice Chief of External Development Research Department and Chief of Surrounding Region Research of China Comprehensive Development Research Institute, independent director of Guizhou Huaneng Jiaohua Co., Ltd., independent director of Shenzhen Jinjia Printing Group Co., Ltd. At present, he is Director of Council of China Comprehensive Development Research Institute (Shenzhen, China), Director of Industrial Economy Research Center, committee members of the Shenzhen Policy Consultative Committee, chairman of supervisory of the Company, director of Guangdong Shirongzhaoye Co., Ltd. and director of Shenzhen Jinjia Printing Group Co., Ltd.

**Hong Guoan**, took posts of successively served as partner and senior lawyer as well as the business committee member of management committee of Guangdong Xingchen Law Firm, Partner of Shanghai Jianwei (Shenzhen) Law Firm. At present, he is the Deputy chairman/senior lawyer of Zhonglun W&D (Shenzhen) Law Firm and supervisor of the Company. .

**Yan Wendou**, successively served as Manager of auditing department, At present, he is Manager of audit department of the Company and staff supervisor of the Company.

**Zhang Bozhong**: successively served as General Manager of Chengdu CSG and Tianjin CSG, president of architectural glass division of the Company, and Assistant to the President of the Company. At present, he is Vice President of the Company.

**Zhang Fan**, took posts of General Manager of Float Glass Department of the Company and Assistant to the President of the Company, Vice President of the Company and President of Flat Glass Department in the Company. At present, he is Vice President of the Company.

**Luo Youming**, took posts of Assistant Chief Financial Officer of the Company. At present, he is Chief Financial Officer in the Company.

**Ke Hanqi**, took posts of General Manager of Fine Glass Department of the Company, Director, Vice President of the Company and President of Solar Energy Department in the Company. At present, he is Vice President of the Company.

**Ding Jiuru**, took posts of Deputy General Manager and Chief Accountant of China Northern Industries Corporation (Shen Zhen), Director, Manager of financial dept., Chief Economist and Assistant to the General Manager of the Company. At present, he is Vice President of the Company.

**Zhou Hong**, took posts of Director of Hong Kong Asia Global Security Co., Ltd, and independent director of Shenzhen Evoc Intelligent Technology Co., Ltd.. At present, she is Secretary of the Board and Manager of securities dept. of the Company.

Post-holding in shareholder's unit

Applicable  Not applicable

Name	Name of shareholder's unit	Position in shareholder's unit n	Start dated of office term	End date of office term	Received remuneration from shareholder's unit or not
Li Jingqi	Xin Tong Chan Industrial Development (Shenzhen) Co., Ltd.	Chairman and General Manager	Oct. 2013	--	No
Li Jingqi	Shenzhen International Holdings (Shenzhen) Co., Ltd.	Chairman and General Manager	Nov. 2013	--	No
Li Jingqi	Shenzhen International Holdings Co., Ltd.	Executive Director & President	Aug. 2006	--	Yes

Post-holding in other unit

√Applicable □Not applicable

Name	Name of other units	Position in other unit n	Start dated of office term	End date of office term	Received remuneration from other unit or not
Zhang Jianjun	Accounting & Finance Institute of Shenzhen University	Director, professor	Jan. 2007	--	Yes
Zhang Jianjun	Shenzhen Airport Co., Ltd.	Independent director	Dec. 2010	--	Yes
Zhang Jianjun	Shenzhen MYS Environmental Protection & Technology Company Ltd.	Independent director	Sep. 2013	--	Yes
Zhang Jianjun	Shenzhen Topway Video Communication Co., Ltd.	Independent director	Dec. 2013	--	Yes
Fu Qilin	China University of Political Science & Law	Professor, doctoral advisor	Dec. 2011	--	Yes
Du Wenjun	Sealand Innovation Capital Investment Management Co., Ltd.	General Manager	Jan. 2012	--	Yes
Du Wenjun	Shenzhen Gas Corporation Ltd.	Independent director	May 2010	--	Yes
Li Jingqi	Shenzhen Expressway Co., Ltd.	Director	April 2005	--	No
Li Jingqi	Yibin Industrial (Shenzhen) Co., Ltd.	Chairman	Nov. 2006	--	No
Li Jingqi	Shenzhen Shengguanghui Expressway Corporation	Chairman	June 2009	--	No
Guo Yongchun	Northern Industries Technology Co., Ltd.	Deputy General Manager	March 2011	--	Yes
Chen Chao	Shenzhen Boxiong Industrial Development Co., Ltd.	Director	March 2011	--	No
Chen Chao	Shenzhen Balas Equity Investment Fund Management Co., Ltd.	Managing partner	May 2011	--	No
Yan Ganggang	Guangdong Zhongzhen Laws Firm	Partner	July 2001	--	Yes
Long Long	CDI (Shenzhen. China) council; CIE	Director, chief	June 1990	--	Yes



Long Long	Guangdong Shirong Zhaoye Co., Ltd.	Director	Dec. 2008	--	Yes
Long Long	Shenzhen Jinjia Printing Group Co., Ltd.	Director	March 2014	--	Yes
Hong Guo'an	Beijing Zhonglun W&D(Shenzhen) Law Firm	Deputy chairman/Senior lawyer	Aug 2012	--	Yes

### III. Remuneration for directors, supervisors and senior executives

Decision-making procedures, recognition basis and payment for directors, supervisors and senior executives

1. Decision-making procedures: Allowances for independent directors and external supervisors are planned and protocoled by Remuneration & Assessment Committee of the Board and approved by Shareholders' General Meeting after deliberation of the Board. Remuneration for senior executives is proposed by Remuneration & Assessment Committee of the Board and decided by the Board after discussion.
2. Confirmation basis of remuneration: Allowances for independent directors and external supervisors are confirmed based on industry standards and real situation of the Company. Remuneration for senior executives implements floating reward mechanism with reference to basic salary and business performance. Bonus for performance rewards is withdrawal by proportion according to annual return on equity and based on the total net profit after taxation in current year.
3. Actual remuneration payment: Allowances for independent directors and external supervisors are RMB 100,000 per year. The total remuneration for senior executives in the report period was RMB 6.6323 million.

Remuneration for directors, supervisors and senior executives in reporting period

Name	Title	Gender	Age	Post-holding status	Total remuneration obtained from the Company (RMB 0,000)	Total remuneration obtained from shareholder's unit (RMB 0,000)	Remuneration actually obtained at period-end (RMB 0,000)
Zeng Nan	Chairman of the Board	M	70	Currently in office	104.16	0	104.16
Zhang Jianjun	Independent Director	M	50	Currently in office	10	0	10
Fu Qilin	Independent Director	M	60	Currently in office	10	0	10
Du Wenjun	Independent Director	F	46	Currently in office	7.5	0	7.5
Li Jingqi	Director	M	58	Currently in office	0	91.5	91.5
Guo Yongchun	Director	M	47	Currently in office	0	0	0
Chen Chao	Director	M	59	Currently in office	10	0	10
Yan Ganggang	Director	M	55	Currently in office	10	0	10
Wu Guobin	Director / CEO	M	50	Currently in office	92.06	0	92.06
Long Long	Chariman of Supervisory Committee	M	59	Currently in office	10	0	10
Hong Guoan	Supervisor	M	60	Currently in office	10	0	10
Yan Wendou	Supervisor	M	47	Currently in office	51.35	0	51.35
Zhang	Vice President	M	50	Currently in office	83.30	0	83.30

Bozhong							
Zhang Fan	Vice President	M	49	Currently in office	82.89	0	82.89
Luo Youming	CFO	M	52	Currently in office	86.15	0	86.15
Ke Hanqi	Vice President	M	49	Currently in office	84.41	0	84.41
Ding Jiuru	Vice President	M	52	Currently in office	80.62	0	80.62
Zhou Hong	Secretary of the Board	F	49	Currently in office	49.64	0	49.64
Sun Jingyun	Supervisor	F	49	Office leaving	49.59	0	49.59
Total	--	--	--	--	831.67	91.50	923.17

Delegated equity incentive for directors, supervisors and senior executives in reporting period

Applicable  Not applicable

#### IV. Post-leaving and dismissals for directors, supervisors and senior executives

Name	Title	Type	Date	Reasons
Du Wenjun	Independent Director	Elected	2014-04-15	At expiration of office term
Chen Chao	Director	Elected	2014-04-15	At expiration of office term
Yan Wendou	Supervisor	Elected	2014-03-15	Elected on workers congress
Zhang Bozhong	Vice President	Appointed	2014-04-15	Board of the Company agrees to nominate Mr. Zhang Bozhong serves as Vice President of the Company due to business development requirement
Chen Chao	Independent Director	Leave office while terms expired	2014-04-15	Leave office upon term expiration
Ke Hanqi	Director	Leave office while terms expired	2014-04-15	At expiration of office term
Sun Jingyun	Supervisor	Leave office	2014-03-15	Submitted resignation to Supervisory Committee due to career moves

#### V. Changes of core technology team or key technicians in reporting period (not including directors, supervisors and senior executives)

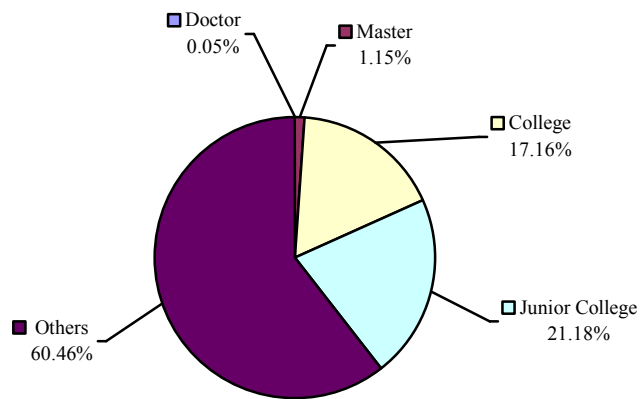
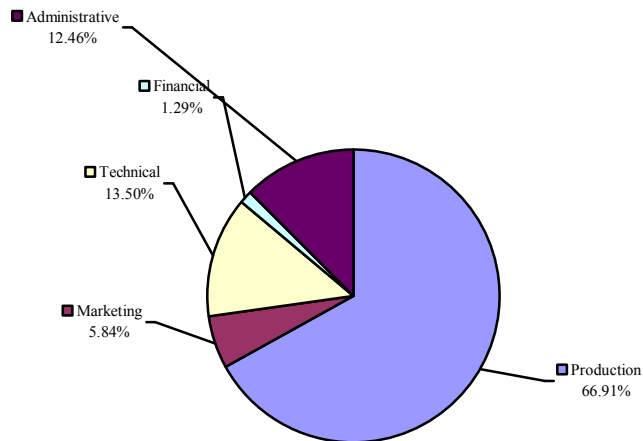
The Company has no changes of core technology team or key technicians in the report period. Therefore there is no major influence on operation.

#### VI. Particulars of workforce

##### 1. Number of employees and constitution

Ended as 31 December 2014, totally 10,432 employees in the Company and its subsidiaries, including 6,980 production personnel, 609 salesman, 1,408 technicians, 135 financial personnel and 1,300 administrative personnel. Education background as: 5 people with doctor's degree, 120 people with master degree, 1,790 people undergraduate, 2,210 from junior college and 6,307 with college

and below



C

## 2. Staff remuneration policy

The Company adopted the salary management of basic pay plus performance pay, encouraged the staff to reach their employment objectives and obtain high performance payment through their endeavor. Realize the salary system of linking the salary and assessment results together via effective performance appraisal, and stimulate the positiveness of to strive to realize the enterprise objectives by adjusting the income of staff with good and bad performance.

## 3. Staff training plan

The Company attached great importance to the team construction, thought highly of the training, allocated training fee for cultivating employee's skill, developing capabilities and promoting quality. The Company overall implemented training program for senior management so as to offer a strong support for improving levels of education and skills for employees. As for the senior management, middle management and junior employees, the Company formulated a personalized training plan for the purpose of adapting and promoting the business development of CSG. Training and development will be the normalized important work of HR in the future, which will receive more support from the Company.

4. During the report period, the retired staff and workers, were brought into the social security system for enjoying the retired treatment according to relevant regulations of social security, the Company didn't need to assume the costs.

## Section VIII. Corporate Governance

### 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 CSRC.

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.

Is there any difference between the corporate governance and the requirements of the Company Law and the relevant regulations of CSRC

Yes     No

There is no difference between the corporate governance and the requirements of the Company Law and the relevant regulations of CSRC.

Progress of special activity in relation to corporate governance and determination and implementation of insider registration management system

#### 1. Carry out special study on insider transaction warning education exhibition

The relevant staff of the Company participated in the insider transaction warning education exhibition organized by the securities regulatory bureau of Shenzhen in November. For those directors, supervisors, senior management and other relevant staff who can't attend such exhibition on site due to business affairs, the Company has notified them by mail the Circular on Supplemental Study on Insider Transaction Warning Education Exhibition issued by the securities regulatory bureau of Shenzhen. Through such exhibition and the internal propaganda, the relevant staff of the Company was well known of the legal regulations in respect of insider transactions. Accordingly, their awareness of preventing insider transaction was raised, forming sound atmosphere to control insider transaction.

#### 2. Implementation of the relevant requirements of cash dividends

In order to make the scientific, lasting, stable and transparent dividend policy and supervision system of the Company and bring satisfactory return to investors, the Company formulated the Argumentation Report in Respect of Planning for Shareholders' Return and Shareholders' Return Plan for the Future 3 Years (2012-2014) according to the requirements of the Circular concerning Implementation of the Notice on Further Implementation of Cash Dividend Issues of Listed Company (SZJGSZ(2012)No.43) issued by the securities regulatory bureau of Shenzhen. Accordingly, the Company made certain amendments to its Articles of Association (more details could be found in relevant announcement released on Juchao Website (www.cninfo.com.cn) dated 20 July 2012). In detail, it improved the profit distribution related decision-making procedure and system by general meeting and the board of directors, increased transparency for information disclosure of cash dividends. In addition, the Company, based on the requirements of the Circular, provided investors opportunities to share economic growth achievements of the Company, thus to help investors make long-term and rational investments.

#### 3. Establishment and implementation of management system on external information user

The Company established Management System of Information Disclosure (more details could be found in relevant announcement released on Juchao Website (www.cninfo.com.cn) on 30 May 2007, 25 September 2007 and 20 October 2009) and perfected it

according to the newly-promulgated laws and rules timely, defined the standards for inside information, built registration & record system and file management system of information insiders. The Company put strict information confidentiality provisions in the system and expressed that the external related personnel must fill in the Registration Form of Internal Information Insiders if the statistical statements and other information submitting to the outside according to the law involved like unrevealed profit index. And the Company must point to the external information insiders that abide by related laws and rules.

In the report period, the Company also submitted the Registration Form of Internal Information Insiders to Shenzhen Stock Exchange when submitting every periodic report. Concerning significant sensitive information with influence on stock price of the Company, insiders did not make use of inside information for stock dealings before information disclosed.

## II. Annual shareholders' general meeting and extraordinary shareholders' general meeting convened in the report period

### 1. Annual Shareholders' General Meeting in the report period

Session of meeting	Convening Date	Name of meeting motion	Situation	Date of disclosure	Index of disclosure
Annual Shareholder General Meeting of 2013	2014-4-14	Work Report of the Board 2013 of CSG, Work Report of Supervisory Committee 2013 of CSG, The Independent Director Report, Annual Report and Summary 2013 of CSG, Financial Result Report 2013 of CSG, Profit Distribution Plan of 2013 of CSG, Engagement of Audit Institute for year of 2014, General Election of the Board and General Election of the Supervisory Committee	All proposals have been deliberated and passed	2014-4-15	No. 2014-015

### 2. Extraordinary shareholders' general meeting in the report period

Session of meeting	Convening Date	Name of meeting motion	Situation	Date of disclosure	Index of disclosure
1 <sup>st</sup> extraordinary shareholders general meeting of 2014	2014-12-10	Application for registration and issuance of Medium-term Notes, Application for registration and issuance of Super & Short-term Commercial Paper	All proposals have been deliberated and passed	2014-12-11	No.: 2014-036

## III. Responsibility performance of independent directors in the report period

### 1. The attending of independent directors to Board meetings and shareholders' general meeting

The attending of independent directors						
Name of independent director	Times of Board meeting supposed to attend in the report period	Times of Presence	Times of attending by communication	Times of entrusted presence	Times of Absence	Whether absent the Meeting for the second time in a row or not
Chen Chao	3	2	1	0	0	No
Zhang Jianjun	8	4	4	0	0	No

Fu Qilin	8	3	4	1	0	No
Du Wenjun	5	2	3	0	0	No
Times for attending shareholders general meeting from independent directors						2

Explanation of absent the Board Meeting twice in a row

Inapplicable

## 2. Objection for relevant events from independent directors

Whether independent directors come up with objection about company's relevant matters or not

Yes  No

Independent directors has no objections for relevant events in reporting period

## 3. Other explanation about responsibility performance of independent directors

Whether the opinions from independent directors have been adopted or not

Yes  No

Explanation on advice that accepted/not accepted from independent directors

During the report period, according to the requirements of "Working System of Independent Directors" and "Annual Report Working System of Independent Directors", the independent directors actively communicated with the accounts, supervised and urged the annual report to proceed as planned, performed field research in HQ of the Company, Chengdu CSG Co., Ltd., visited architectural glass project cases of the Company in Yunnan, and further mastered the development of the production and management and project construction of the Company. Each independent director seriously deliberated all proposals of the board of directors, made independent opinions on significant operating management issues, changes of directors, engagement of senior management, incentive plan, internal control construction and accounting policy changes. Suggestions of independent directors related to the Company have been adopted and have played a positive role in maintaining the interests for the medium and small shareholders.

## IV. Duty performance of the special committees under the board during the reporting period

### 1. Performance of the audit committee of the Board

The Audit Committee of the Board of Directors of the Company is constituted with 5 directors, and 3 of them are independent directors. The convoker is independent director. During the report period, according to demands of CSRC and Shenzhen Stock Exchange, and regulations of Rules of Procedure of the Audit Committee of the Board of Directors, Procedure for Annual Report Work of the Audit Committee, the committee paid attention to the construction of corporate internal control system, audited the internal audit report and financial report periodically, diligently and faithfully. They performed the following duties:

#### ① Review the financial reports and issue relevant opinions

In accordance with the requirements of CSRC, the Audit Committee presented two audit opinions for the annual financial report of the Company in the report period. Before the entrance of the certified public accountants for annual audit, the Audit Committee issued the initial written opinion for the unaudited financial report. The committee agreed the report fairly reflected the significant financial situation and operation achievement of the Company. After the certified public accountants presented their initial audit opinion, the Audit Committee re-examined the financial report of the Company and presented a written opinion which agreed that the basis, conditions, principles and methods used in the report were in line with the regulations and laws and fairly reflected the financial situation on 31 December 2014 and operation achievement in 2014 of the Company in significant aspects.

#### ② Supervise the audit works conducted by the accountant firm

Through negotiation with the certified public accountant, the Audit Committee arranged the audit work for the annual financial report

in advance, and made the audit schedule. After the entrance of the registered accountants, the committee met the persons in charge of the audit. After communicating with the accountants, the committee realized the audit process and requirements from the accountants, and quickly feedback the information to the relevant departments of the Company, in order to ensure the annual audit and relevant information disclosure could be promoted according to the scheduled process.

③ Summarize report on the audit works conducted by the accountant firm in previous year

PricewaterhouseCoopers Zhong Tian LLP conducted their work in strict accordance to Chinese audit standards; with attitude of earnest and responsibility, paid attention to communication with the management level and the Audit Committee; embodied strong specialty knowledge, professional nature and risk awareness. The CPAs successfully finished the 2014 annual audit work of financial reports of the Company and the audit quality is worthy of trust.

④ Opinions on reengagement of the accountant firm

It is proposed to reengage PricewaterhouseCoopers Zhong Tian LLP as the auditor of the Company for 2015.

## 2. Performance of the remuneration and examination committee of the Board

The remuneration and examination committee of the Board of Directors of the Company is constituted with 5 directors, and 3 of them are independent directors. The convoker is independent director.

① According to regulations of Rules of Procedure of The Remuneration and Appraisal Committee, the Remuneration and Appraisal Committee makes examination on the disclosed remuneration of the directors, supervisors and senior executives and thought it accorded with the relevant laws and regulations of the remuneration and appraisal system of the Company.

② The remuneration and examination committee deliberated the relevant items of equity incentive, relevant beneficiary avoiding for vote, and the deliberation results were submitted to the Board.

## 3. Performance of the nomination committee of the Board

The nomination committee of the Board of Directors of the Company is constituted with 5 directors, and 3 of them are independent directors. The convoker is independent director.

① In the report period, nomination committee reviewed to determine candidates of directors and independent directors for 7th session of the Board, and agreed to submit the deliberation to the Board and general meeting of shareholders.

② Nomination committee of the Board performed evaluation on the work of the Board, and believed that the directors of 7<sup>th</sup> session of the Board abided by the State laws, administrative rules and regulation of Article of Association since they took office. They attended or delegated to attend the Board Meeting and general meeting of shareholders on time, performed voting rights based on relevant regulations, actively kept eyes on the management situation of the Company, and performed the duty of Directors diligently.

## 4. Performance of the strategy committee of the Board

The strategy committee of the Board of Directors of the Company is constituted with 5 directors, and 1 of them is independent directors.

As the special institution responsible for the long-term development strategy and significant investment decision-making, the strategy committee made earnest research on the significant decisions affecting the Company's development and issued relevant recommendations according to the procedure rules of the strategy committee. During the reporting period, the committee considered the profit distribution plan, and held the view that the profit distribution plan conformed to the requirements of the Company Law, the Enterprise Accounting Principles and the Articles of Association, and agreed to submitted the same to the board and general meeting for consideration. At the same time, the strategy committee considered issues concerning significant operation management, disposal of assets, withdrawal of asset impairment provision, guarantee for controlling subsidiary, application for registration and issuance of Medium-term Notes and Super & Short-term Commercial Paper and submitted to the board for consideration.

## V. Works from Supervisory Committee

Whether the Company has risks or not in reporting period that found in supervisory activity from supervisory committee

Yes  No

Supervisory committee has no objection about supervision events in reporting period

## VI. Independency of the Company relative to controlling shareholders' in aspect of businesses, personnel, assets, organization and finance

The Company has been absolutely independent in business, personal, assets, organization and financial from its substantial shareholders ever since its establishment. The Company had an independent and complete business system and independent management capability.

1. In terms of business: The Company owns independent purchase and supply system of the raw resources, complete production systems, independent sale system and customers. The Company is completely independent from the substantial shareholders in business. The substantial shareholders and their subsidiaries do not engage any identical business or similar business as the Company.
2. In terms of personnel: The Company established integrated management system of labor, personnel, salaries and the social security, which were absolutely independent from its holding shareholder's. Personnel of the managers, person in charge of the financial and other executive managers are obtained remuneration from the Company since on duty in the Company, and never received remuneration or take part-time jobs in large shareholders' company and other enterprises controlled by large shareholders. The recruitment and dismissal of Directors are conducted through legal procedure since the Company was listed and the manager has been appointed or dismissed by Board of Directors. The Board of Directors and the Shareholders' General Meeting have not received any interference of decisions on personnel appointment and removal from the largest shareholders.
3. In terms of asset, the Company is able to operate business independently and enjoys full control over the production system, auxiliary production system and facilities, land use right, industry property and non-patent technology owned or used by the Company. The investments to the Company from largest shareholder are monetary assets, and the largest shareholder has never occupy, damage or intervene to operation on these assets.
4. In terms of organization: The Company possessed sound corporate governance structure, established Shareholders' General Meeting, Board of Directors, Supervisory Committee, appointed general manager, and fixed related function departments. The Company had been totally independent from its large shareholders in organization structure. The Company has its own office and production sites that are different from those of the large shareholders. The largest shareholder and its related parties didn't deliver any operation plan and order to the Company, neither influence the independence on management of the Company by any forms.
5. In terms of finance: The Company has set up independent financial department, established independent accounting calculation system and financial management system (included management system of its subsidiaries). The financial personnel of the Company didn't take part-time jobs in units of large shareholder or its subordinate units. The Company had independent bank accounts, separated from the large shareholders. The Company is independent taxpayer, paid taxes independently according the laws and didn't pay mixed taxes with the large shareholders. The financial decision-making of the Company was independent, and the large shareholders never interfered the usage of company's capital. The Company never offered guarantee to their large shareholders and its subordinate units and other related party. The largest shareholder and its related has never occupy or occupy disguised the capital.

## VII. Examination and incentives of senior management

The Board of Directors approved the incentive measure for outstanding achievement of management team based on total net profit



after tax in the current year and annual return on equity as assessment basis. Namely, the management team could obtain the award only when the annual return on equity reached 8%. Otherwise, they could not take incentives of outstanding achievement. When the return on equity reached 8%, the management team would take the proportion of 6% based on the total net profit after tax as bonus. While the return on equity exceeded 8%, for every 1 percentage point increased over 8%, the proportion of bonus of outstanding achievement would increase by 0.2 percentage points accordingly based on proportion of 6%.

## Section IX. Internal control

### I. Construction of internal control system

The Company set up internal control department in 2008 to begin construction of the internal control management system. In 2014, with the process optimization continuous move forward, the Company further improves the standard of IC manual, amend and perfect the most important Doc. of IC system construction – permission guidelines. Evaluation and assessment of IC was enhanced, and the training and publication of IC was reinforced further. At the same time, self-evaluation was made for IC of the Company with self-evaluation report carried out. And the accounting firms, who in charge of the IC auditing, was engaged by the Company with IC auditing report completed.

Self-evaluation report in relation to internal control: under the Basic Internal Control Standards of Enterprise issued by the ministry of finance and other four ministries and the Guidance on Standardized Operation of Company Listed on Main Board issued by Shenzhen Stock Exchange which have been deemed by the Company as action guidance to establish sound internal control system, the Company formed its 2014 Self-evaluation Report on Internal Control. The review scope of this report covered HQ and several wholly-owned and controlling subsidiaries including Chengdu CSG Glass Co., Ltd. and Hebei CSG Glass Co., Ltd. The total assets amount of the included companies accounted for 99% of the total assets in the consolidated financial statement of the Company, and the operating income of those companies accounted for 97% of the total operating income in the consolidated financial statement of the Company. In addition, internal control review also included Shenzhen CSG Display Technology Co., Ltd. the joint-stock company of CSG. The evaluation not only covered the organization structure, development strategy, HR, corporate culture and social responsibility that related with IC environment, but also included nine business processes of sales & collection, purchase & payment, inventory management, fixed assets management (engineering projects included), monetary funds & investment and financing management, R&D and intangible assets management, financial report, H&R dept. management and information system. During the report period, the IC of the Company ran systematically. Its businesses at corporate governance level and specific business process have been carried out in an orderly manner with risks being controlled. The IC system provided a reasonable guarantee for legal operation management, asset safety, truthfulness and completeness of financial report and related information as well as operation efficiency. For details of 2014 Self-evaluation Report on Internal Control, please refer to the Juchao website.

### II. Responsibility representation of the Board on internal control

Board of directors hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in the Self-Evaluation Report of Internal Control 2013, and the information disclosed is truthfulness, accuracy and completeness.

### III. Bases of establishment of financial report internal control

The Company has established the perfected financial management system, which covered the aspects of various regulations including accounting calculation, financial processes, budget management, expenses control and monetary capital management. With purpose of guarantee the effective implementation of various financial management policies of the Company, the Company formulated the financial report internal control manual including six contents related to financial report directly which were ‘Preparation of Accounting Policy and Items Maintenance, Processes of General Accounting, Preparation and Approval of Financial Report, Guarantee Management, Related Transaction Management and Taxation Management’.

In the report period, the Company carried out a specific self-evaluation on internal control of financial report. And there has no significant defects in internal control related to financial report of the Company.

#### IV. Self-evaluation report of internal control

Details of major defects in self-evaluation report that found in reporting period	
No major defects were found in the report period	
Date of self-evaluation report of internal control disclosed (full-text)	31 March 2015
Index of self-evaluation report of internal control disclosed(full-text)	More details can be found in Self-evaluation Report of Internal Control 2014 released on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>

#### V. Audit report of internal control

Deliberations in Internal Control Audit Report	
According to Enterprise Internal Control Audit Guidelines and the relevant requirements of CICPA practice standards, PricewaterhouseCoopers Zhong Tian LLP (hereinafter referred to as PwC) has audited the effectiveness of internal control over financial statements of the Company up to 31 December 2014, issued PwC Zhong Tian (2015) No. 0249 Internal Control Audit Report and made the following opinions: PwC thinks that CSG Holding Co., Ltd. has maintained effective internal control over financial statements in all major aspects according to the Fundamental Norms of Enterprise Internal Control and relevant rules.	
Date of disclosing the internal control audit reports	31 March 2015
Disclosure index of internal control audit report	More details can be found in 2014 Internal Control Audit Report of CSG released on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>

Carried out modified opinion for internal control audit report from CPA

Yes  No

Whether internal control audit report issued by CPA, has concerted opinion with self-evaluation report issued by the Board

Yes  No

#### VI. Establishment and implementation of accountability system for major errors in annual report

In order to perfect corporate governance and improve quality and transparency of annual report disclosure, being approved in 13th Meeting of 5th Board of Directors, the Accountability System of Fundamental Errors in Annual Report Disclosure was formulated and implemented by the Company. In report period, no situations of correction on fundamental accounting errors, supplementation of fundamental omission information and modification of performance prediction had been found.

## Section X. Financial Report

### I. Report of the Auditors

Type of Auditor's Opinion	Standard and unqualified
Issue date of Report of the Auditors	27 March 2015
Name of Auditor's organization	PricewaterhouseCoopers Zhong Tian LLP
Reference number of Report of the Auditors	PwC ZT Shen Zi (2015) No. 10061

To the shareholders of CSG Holding Co., Ltd.,

We have audited the accompanying financial statements of CSG Holding Co., Ltd (hereinafter "CSG Company"), which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated and company income statements, the consolidated and company statements of changes in owners' equity and the consolidated and company cash flow statements for the year then ended, and the notes to the financial statements.

#### Management's Responsibility for the Financial Statements

Management of CSG Company is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of CSG Company as at 31 December 2014, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

PricewaterhouseCoopers Zhong Tian LLP

Certified Public Accountant Yao Wenping

Shanghai, the PRC

Certified Public Accountant Yang Hua

27 March 2015

**CSG HOLDING CO., LTD.****CONSOLIDATED AND COMPANY BALANCE SHEETS****AS AT 31 DECEMBER 2013**

(All amounts in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

<b>ASSETS</b>	Note	31 December 2014	31 December 2013 (Restated)	1 January 2013 (Restated)
<b>Current assets</b>				
Cash at bank and on hand	4(1)	158,139,050	279,672,523	474,421,278
Notes receivable	4(2)	155,588,629	323,889,490	299,804,348
Accounts receivable	4(3)	318,274,574	136,430,683	276,814,461
Advances to suppliers	4(5)	84,231,553	73,378,329	70,007,569
Other receivables	4(4)	25,973,156	109,366,023	63,047,384
Inventories	4(6)	390,652,618	378,684,712	367,293,857
Other current assets	4(7)	219,908,717	1,021,464,095	167,499,349
<b>Total current assets</b>		<b>1,352,768,297</b>	<b>2,322,885,855</b>	<b>1,718,888,246</b>
<b>Non-current assets</b>				
Available-for-sale financial assets	4(8)	145,568,100	122,760,000	109,955,459
Long-term equity investments	4(9)	751,623,543	770,037,176	-
Fixed assets	4(10)	9,851,117,915	7,979,937,683	9,418,430,703
Construction in progress	4(11)	1,934,595,736	2,762,418,100	1,934,725,631
Intangible assets	4(12)	946,586,310	933,329,528	929,486,926
Development expenditure	4(12)	17,675,656	9,881,310	3,610,292
Goodwill	4(13)	3,039,946	3,039,946	3,039,946
Long-term prepaid expenses		2,391,824	3,280,021	2,713,907
Deferred tax assets	4(14)	103,781,894	164,787,158	163,100,004
Other non-current assets	4(15)	7,659,084	6,510,000	51,858,632
<b>Total non-current assets</b>		<b>13,764,040,008</b>	<b>12,755,980,922</b>	<b>12,616,921,500</b>
<b>TOTAL ASSETS</b>		<b>15,116,808,305</b>	<b>15,078,866,777</b>	<b>14,335,809,746</b>

## CSG HOLDING CO., LTD.

## CONSOLIDATED BALANCE SHEET (CONT'D)

AS AT 31 December 2014

(All amounts in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

LIABILITIES AND OWNERS' EQUITY	Note	31 December 2014	31 December 2013 (Restated)	1 January 2013 (Restated)
<b>Current liabilities</b>				
Short-term borrowings	4(17)	1,957,123,175	1,424,743,800	1,688,049,571
Notes payable	4(18)	3,500,000	4,429,188	183,487,216
Accounts payable	4(19)	960,537,876	981,616,449	1,120,003,975
Advances from customers	4(20)	113,994,747	160,689,070	135,413,065
Employee benefits payable	4(21)	159,040,363	166,377,238	104,895,290
Taxes payable	4(22)	57,213,608	160,754,703	134,645,371
Interest payable	4(23)	74,556,982	60,767,534	35,091,990
Dividends payable		-	687,627	687,627
Other payables	4(24)	147,269,978	557,130,583	165,969,155
Current portion of non-current liabilities	4(25)	2,119,066,755	399,849,715	481,687,841
Other non-current liabilities	4(26)	300,000	300,000	526,872
<b>Total current liabilities</b>		<b>5,592,603,484</b>	<b>3,917,345,907</b>	<b>4,050,457,973</b>
<b>Non-current liabilities</b>				
Long-term borrowings	4(27)	383,817,820	302,904,204	711,112,961
Bonds payable	4(28)	-	1,991,041,175	1,986,624,288
Deferred tax liabilities	4(14)	42,029,332	34,298,029	32,046,701
Deferred revenue	4(29)	444,909,519	432,364,880	287,373,063
<b>Total non-current liabilities</b>		<b>870,756,671</b>	<b>2,760,608,288</b>	<b>3,017,157,013</b>
<b>Total liabilities</b>		<b>6,463,360,155</b>	<b>6,677,954,195</b>	<b>7,067,614,986</b>
<b>Owner's equity</b>				
Share capital	4(30)	2,075,335,560	2,075,335,560	2,075,335,560
Capital surplus	4(31)	1,340,090,907	1,345,450,916	1,344,973,018
Other comprehensive income	4(32)	(13,521,093)	(68,437,400)	(75,340,889)
Special reserve	4(33)	14,562,826	14,503,860	14,831,266
Surplus reserve	4(34)	830,772,731	773,239,059	686,406,916
Undistributed profits	4(35)	4,101,320,834	3,907,802,144	2,770,004,882
<b>Total equity attributable to equity holders of the Company</b>		<b>8,348,561,765</b>	<b>8,047,894,139</b>	<b>6,816,210,753</b>
<b>Minority interests</b>	6(1)(b)	<b>304,886,385</b>	<b>353,018,443</b>	<b>451,984,007</b>
<b>Total owner's equity</b>		<b>8,653,448,150</b>	<b>8,400,912,582</b>	<b>7,268,194,760</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>15,116,808,305</b>	<b>15,078,866,777</b>	<b>14,335,809,746</b>

The accompanying notes form an integral part of these financial statements.

**CSG HOLDING CO., LTD.****COMPANY BALANCE SHEET****AS AT 31 December 2014**

(All amounts in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

<b>ASSETS</b>	Note	31 December 2014	31 December 2013 (Restated)	1 January 2013 (Restated)
<b>Current assets</b>				
Cash at bank and on hand		69,089,926	129,337,516	139,915,851
Other receivables	15(1)	3,574,791,409	3,082,240,537	1,753,686,199
<b>Total current assets</b>		<u>3,643,881,335</u>	<u>3,211,578,053</u>	<u>1,893,602,050</u>
<b>Non-current assets</b>				
Available-for-sale financial assets		139,854,780	94,156,920	84,335,860
Long-term receivables	15(3)	1,636,290,000	1,953,745,783	2,281,424,431
Long-term equity investments	15(2)	4,733,050,730	4,966,621,199	4,789,220,085
Fixed assets		32,554,885	38,163,267	13,311,942
Construction in progress		-	-	10,254,145
Intangible assets		2,205,836	2,649,635	3,093,435
Development expenditure		-	-	134,999
Long-term prepaid expenses		1,701,424	2,424,621	-
Other non-current assets		-	-	22,806,000
<b>Total non-current assets</b>		<u>6,545,657,655</u>	<u>7,057,761,425</u>	<u>7,204,580,897</u>
<b>TOTAL ASSETS</b>		<u>10,189,538,990</u>	<u>10,269,339,478</u>	<u>9,098,182,947</u>

**CSG HOLDING CO., LTD.****COMPANY BALANCE SHEET (CONT'D)****AS AT 31 December 2014**

(All amounts in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

<b>LIABILITIES AND OWNERS' EQUITY</b>	Note	31 December 2014	31 December 2013 (Restated)	1 January 2013 (Restated)
<b>Current liabilities</b>				
Short-term borrowings		1,681,000,000	1,255,000,000	750,000,000
Accounts payable		169,337	923,245	29,790
Employee benefits payable		50,356,110	55,932,331	4,833,381
Taxes payable		1,323,122	26,978,661	72,283
Interest payable		54,281,022	18,800,998	3,115,745
Dividends payable		-	687,627	687,627
Other payables	15(4)	270,915,072	829,844,788	842,603,141
Current portion of non-current liabilities		1,995,783,205	150,000,000	-
<b>Total current liabilities</b>		<b>4,053,827,868</b>	<b>2,338,167,650</b>	<b>1,601,341,967</b>
<b>Non-current liabilities</b>				
Long-term borrowings		196,000,000	-	140,000,000
Bonds payable		-	1,991,041,175	1,986,624,288
Deferred tax liabilities		30,553,445	19,128,980	16,673,715
Deferred revenue		11,167,800	11,792,800	8,897,000
<b>Total non-current liabilities</b>		<b>237,721,245</b>	<b>2,021,962,955</b>	<b>2,152,195,003</b>
<b>Total liabilities</b>		<b>4,291,549,113</b>	<b>4,360,130,605</b>	<b>3,753,536,970</b>
<b>Owner's equity</b>				
Share capital		2,075,335,560	2,075,335,560	2,075,335,560
Capital surplus		1,403,806,545	1,402,034,992	1,401,858,987
Other comprehensive income		(15,223,855)	(49,497,250)	(56,863,045)
Surplus reserve		845,318,091	787,784,419	700,952,276
Undistributed profits		1,588,753,536	1,693,551,152	1,223,362,199
<b>Total owner's equity</b>		<b>5,897,989,877</b>	<b>5,909,208,873</b>	<b>5,344,645,977</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>10,189,538,990</b>	<b>10,269,339,478</b>	<b>9,098,182,947</b>

The accompanying notes form an integral part of these financial statements.



## CSG HOLDING CO., LTD.

## CONSOLIDATED AND COMPANY INCOME STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

(All amounts in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

Item	Note	2014 Consolidated	2013 Consolidated (Restated)	2014 Company	2013 Company (Restated)
<b>Revenue</b>	4(36)	7,044,502,645	7,733,796,114	846,362	741,079
Less: Cost of sales	4(36)	(5,323,219,390)	(5,501,300,657)	(47,481)	(41,575)
Taxes and surcharges	4(37)	(33,163,804)	(47,859,995)	-	-
Selling and distribution expenses	4(38)	(265,720,355)	(267,394,775)	-	-
General and administrative expenses	4(39)	(597,772,089)	(671,321,260)	(87,362,609)	(101,223,533)
Financial expenses – net	4(40)	(231,531,434)	(238,321,702)	(121,420,747)	(42,888,856)
Asset impairment losses	4(43)	(25,270,581)	(64,366,228)	(2,961)	781,149
Add: Investment income	4(42),15(5)	328,439,649	927,376,139	774,349,602	1,027,318,851
Including: Investment income from associates		10,181,795	305,002	72,636,044	97,355,619
<b>Operating profit</b>		896,264,641	1,870,607,636	566,362,166	884,687,115
Add: Non-operating revenue	4(44)	113,828,011	216,687,514	2,213,968	9,471,403
Including :Gain on disposal of non-current assets		4,194,755	4,330,610	881,341	2,285
Less: Non-operating expenses	4(45)	(26,510,163)	(152,116,263)	(2,701,800)	(232,408)
Including: Losses on disposal of non-current assets		(21,917,537)	(140,789,846)	-	(232,408)
<b>Total profit</b>		983,582,489	1,935,178,887	565,874,334	893,926,110
Less: Income tax expenses	4(46)	(43,817,757)	(259,864,490)	9,462,390	(25,604,680)
<b>Net profit</b>		939,764,732	1,675,314,397	575,336,724	868,321,430
Attributable to equity holders of the Company		873,653,030	1,535,929,739		
Minority interest		66,111,702	139,384,658		
<b>Other comprehensive income net after tax</b>	4(32)	54,366,273	6,903,489	34,273,395	7,365,795
Other comprehensive income net after tax attributable to equity holders of the Company		54,916,307			
Other comprehensive income items which will be reclassified subsequently to profit or loss		54,916,307	6903,489	34,273,395	7365,795
Changes in fair value of available-for-sale financial assets		53,081,559	9857,002	34,273,395	7365,795
Difference on translation of foreign currency financial statements		1,834,748	(2,953,513)	-	-
Other comprehensive income net after tax attributable to minority interest		(550,034)	-		
<b>Total comprehensive income</b>		994,131,005	1,682,217,886	609,610,119	875,687,225
Total comprehensive income attributable to equity holders of the Company		928,569,337	1,542,833,228		
Total comprehensive income attributable to minority interests		65,561,668	139,384,658		
<b>Earnings per share</b>	4(47)				
Basic earnings per share (RMB Yuan)		0.42	0.74		
Diluted earnings per share (RMB Yuan)		0.42	0.74		

The accompanying notes form an integral part of these financial statements.

## CSG HOLDING CO., LTD.

## CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

(All amounts in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

Item	Note	2014	2013	2014	2013
		Consolidated	Consolidated	Company	Company
<b>1. Cash flows from operating activities</b>					
Cash received from sales of goods or rendering of services		8,175,415,917	9,039,929,465	-	-
Refund of taxes and surcharges		52,924,067	85,359,790	846,362	-
Cash received relating to other operating activities	4(48)(a)	44,644,145	83,010,484	1,529,086	2,438,207
<b>Sub-total of cash inflows</b>		<b>8,272,984,129</b>	<b>9,208,299,739</b>	<b>2,375,448</b>	<b>2,438,207</b>
Cash paid for goods and services		(4,986,658,347)	(5,406,427,033)	-	-
Cash paid to and on behalf of employees		(784,191,083)	(868,915,933)	(77,164,975)	(36,355,290)
Payments of taxes and surcharges		(585,283,678)	(859,338,552)	(17,112,069)	(352,467)
Cash paid relating to other operating activities	4(48)(b)	(510,591,811)	(374,750,686)	(13,768,661)	(12,881,879)
<b>Sub-total of cash outflows</b>		<b>(6,866,724,919)</b>	<b>(7,509,432,204)</b>	<b>(108,045,705)</b>	<b>(49,589,636)</b>
<b>Net cash flows from operating activities</b>	4(49)	<b>1,406,259,210</b>	<b>1,698,867,535</b>	<b>(105,670,257)</b>	<b>(47,151,429)</b>
<b>2. Cash flows from investing activities</b>					
Cash received from withdrawal of investments		49,036,914	-	-	-
Cash received from returns on investments		27,624,931	432,000	553,947,552	645,056,913
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		26,328,324	19,606,532	888,414	7,341
Net proceeds from disposal of subsidiaries	4(48)(d)	463,160,123	301,426,705	468,000,000	426,413,663
Cash received relating to other investing activities	4(48)(c)	507,724,341	893,830,318	-	459,317,040
<b>Sub-total of cash inflows</b>		<b>1,073,874,633</b>	<b>1,215,295,555</b>	<b>1,022,835,966</b>	<b>1,530,794,957</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(1,893,112,812)	(2,142,386,726)	(1,975,174)	(20,261,376)
Cash paid to acquire investments		-	-	(435,385,487)	(144,409,932)
Net cash received from acquired subsidiaries		15,366,490	5,345,928	-	(39,001,200)
Cash paid relating to other investing activities	4(48)(d)	(95,729,500)	(130,333,513)	-	(21,800,000)
<b>Sub-total of cash outflows</b>		<b>(1,973,475,822)</b>	<b>(2,267,374,311)</b>	<b>(437,360,661)</b>	<b>(225,472,508)</b>
<b>Net cash flows from investing activities</b>		<b>(899,601,189)</b>	<b>(1,052,078,756)</b>	<b>585,475,305</b>	<b>1,305,322,449</b>
<b>3. Cash flows from financing activities</b>					
Cash received from capital contributions		58,636,000	13,210,000	-	-
Including: Cash received from capital contributions by minority shareholders of subsidiaries		58,636,000	13,210,000	-	-
Cash received from borrowings		4,961,430,390	3,154,582,320	4,393,944,492	3,394,288,942
Cash received relating to other financing activities	4(48)(e)	20,655,450	460,076,320	-	-
<b>Sub-total of cash inflows</b>		<b>5,040,721,840</b>	<b>3,627,868,640</b>	<b>4,393,944,492</b>	<b>3,394,288,942</b>
Cash repayments of borrowings		(4,624,703,566)	(3,675,399,977)	(3,921,944,492)	(2,879,288,942)
Cash payments for interest expenses and distribution of dividends or profits		(917,357,771)	(699,429,159)	(700,724,715)	(336,712,054)
Including: Cash payments for dividends to minority shareholders of subsidiaries		(56,362,791)	(145,358,190)	-	-
Cash payments relating to other financing activities	4(48)(f)	(124,944,931)	(70,627,249)	(312,520,406)	(1,447,029,709)
<b>Sub-total of cash outflows</b>		<b>(5,667,006,268)</b>	<b>(4,445,456,385)</b>	<b>(4,935,189,613)</b>	<b>(4,663,030,705)</b>
<b>Net cash flows from financing activities</b>		<b>(626,284,428)</b>	<b>(817,587,745)</b>	<b>(541,245,121)</b>	<b>(1,268,741,763)</b>
<b>4. Effect of foreign exchange rate changes on cash and cash equivalent</b>					
		13,799	(486,702)	843	(7,592)
<b>5. Net decrease in cash</b>	4(49)	<b>(119,612,608)</b>	<b>(171,285,668)</b>	<b>(61,439,230)</b>	<b>(10,578,335)</b>
Add: Balance of cash at beginning of year		276,450,868	447,736,536	129,337,516	139,915,851
<b>6. Cash balance at end of year</b>	4(49)	<b>156,838,260</b>	<b>276,450,868</b>	<b>67,898,286</b>	<b>129,337,516</b>

The accompanying notes form an integral part of these financial statements.

## CSG HOLDING CO., LTD.

**CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2014**

(All amounts in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

Item	Note	Equity attributable to equity holders of the Company							Sub-total	Minority interests 6(1)(b)	Total owner's equity
		Share capital 4(30)	Capital surplus 4(31)	Other comprehensive income 4(32)	Special reserve 4(33)	Surplus reserve 4(34)	Undistributed profits 4(35)	Differences on translation of foreign currency financial statements			
<b>Balance at 31 December 2012</b>		2,075,335,560	1,381,031,988	-	14,831,266	678,216,577	2,665,777,580	1,017,782	6,816,210,753	451,984,007	7,268,194,760
Changes in accounting policies	2(29)	-	(36,058,970)	(75,340,889)	-	8,190,339	104,227,302	(1,017,782)	-	-	-
<b>Balance at 1 January 2013(restated)</b>		2,075,335,560	1,344,973,018	(75,340,889)	14,831,266	686,406,916	2,770,004,882	-	6,816,210,753	451,984,007	7,268,194,760
<b>Movements for the year ended 31 December 2013</b>											
Total comprehensive income											
Net profit		-	-	-	-	-	1,535,929,739	-	1,535,929,739	139,384,658	1,675,314,397
Other comprehensive income	4(32)	-	-	6,903,489	-	-	-	-	6,903,489	-	6,903,489
Total comprehensive income		-	-	6,903,489	-	-	1,535,929,739	-	1,542,833,228	139,384,658	1,682,217,886
Effects of the change in investees' other equity applying the equity method	4(9)	-	27,047	-	-	-	-	-	27,047	-	27,047
Capital contribution and withdrawal by owners		-	450,851	-	-	-	-	-	450,851	13,451,793	13,902,644
Capital contribution by owners		-	-	-	-	-	-	-	-	13,210,000	13,210,000
Share-based payments recognised in owner's equity		-	450,851	-	-	-	-	-	450,851	241,793	692,644
Profit distribution		-	-	-	-	86,832,143	(398,132,477)	-	(311,300,334)	(145,358,190)	(456,658,524)
Appropriation to surplus reserves	4(34)	-	-	-	-	86,832,143	(86,832,143)	-	-	-	-
Profit distribution to equity owners	4(35)	-	-	-	-	-	(311,300,334)	-	(311,300,334)	(145,358,190)	(456,658,524)
Special reserve		-	-	-	(327,406)	-	-	-	(327,406)	(21,009)	(348,415)
Special reserve appropriated	4(33)	-	-	-	3,195,497	-	-	-	3,195,497	205,053	3,400,550
Special reserve used	4(33)	-	-	-	(3,522,903)	-	-	-	(3,522,903)	(226,062)	(3,748,965)
Others		-	-	-	-	-	-	-	-	(106,422,816)	(106,422,816)
Disposal of subsidiaries		-	-	-	-	-	-	-	-	(128,615,616)	(128,615,616)
Merger of enterprises		-	-	-	-	-	-	-	-	22,192,800	22,192,800
<b>Balance at 31 December 2013</b>		2,075,335,560	1,345,450,916	(68,437,400)	14,503,860	773,239,059	3,907,802,144	-	8,047,894,139	353,018,443	8,400,912,582

## CSG HOLDING CO., LTD.

**CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (CONT'D)  
FOR THE YEAR ENDED 31 DECEMBER 2014**

(All amounts in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

Item	Note	Equity attributable to equity holders of the Company							Sub-total	Minority interests 6(1)(b)	Total owner's equity
		Share capital 4(30)	Capital surplus 4(31)	Other comprehensive income 4(32)	Special reserve 4(33)	Surplus reserve 4(34)	Undistributed profits 4(35)	Difference on translation of foreign currency financial statements			
<b>Balance at 1 January 2014</b>		2,075,335,560	1,345,450,916	(68,437,400)	14,503,860	773,239,059	3,907,802,144	-	8,047,894,139	353,018,443	8,400,912,582
<b>Movements for the year ended 31 December 2014</b>											
Total comprehensive income											
Net profit		-	-	-	-	-	873,653,030	-	873,653,030	66,111,702	939,764,732
Other comprehensive income	4(32)	-	-	54,916,307	-	-	-	-	54,916,307	(550,034)	54,366,273
Total comprehensive income		-	-	54,916,307	-	-	873,653,030	-	928,569,337	65,561,668	994,131,005
Effects of the change in investees' other equity applying the equity method	4(9)	-	324,568	-	-	-	-	-	324,568	-	324,568
Capital contribution and withdrawal by owners		-	-	-	-	-	-	-	-	58,636,000	58,636,000
Capital contribution by owners		-	-	-	-	-	-	-	-	58,636,000	58,636,000
Profit distribution		-	-	-	-	57,533,672	(680,134,340)	-	(622,600,668)	(56,362,791)	(678,963,459)
Appropriation to surplus reserves	4(34)	-	-	-	-	57,533,672	(57,533,672)	-	-	-	-
Profit distribution to equity owners	4(35)	-	-	-	-	-	(622,600,668)	-	(622,600,668)	(56,362,791)	(678,963,459)
Special reserve		-	-	-	58,966	-	-	-	58,966	-	58,966
Special reserve appropriated	4(33)	-	-	-	3,007,776	-	-	-	3,007,776	-	3,007,776
Special reserve used	4(33)	-	-	-	(2,948,810)	-	-	-	(2,948,810)	-	(2,948,810)
Others		-	(5,684,577)	-	-	-	-	-	(5,684,577)	(115,966,935)	(121,651,512)
Transaction with minority interests	4(31)	-	(6,730,027)	-	-	-	-	-	(6,730,027)	(118,214,904)	(124,944,931)
Disposal of odd lots		-	1,045,450	-	-	-	-	-	1,045,450	-	1,045,450
Merger of enterprises		-	-	-	-	-	-	-	-	2,247,969	2,247,969
<b>Balance at 31 December 2014</b>		2,075,335,560	1,340,090,907	(13,521,093)	14,562,826	830,772,731	4,101,320,834	-	8,348,561,765	304,886,385	8,653,448,150

The accompanying notes form an integral part of these financial statements.

## CSG HOLDING CO., LTD.

**COMPANY STATEMENT OF CHANGES IN OWNERS' EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2014**

(All amounts in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

Item	Share capital	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Total owner's equity
<b>Balance at 31 December 2012</b>	2,075,335,560	1,418,767,193	-	678,216,577	1,018,740,912	5,191,060,242
Changes in accounting policies	-	(16,908,206)	(56,863,045)	22,735,699	204,621,287	153,585,735
<b>Balance at 1 January 2013(restated)</b>	<u>2,075,335,560</u>	<u>1,401,858,987</u>	<u>(56,863,045)</u>	<u>700,952,276</u>	<u>1,223,362,199</u>	<u>5,344,645,977</u>
<b>Movements for the year ended 31 December 2013</b>						
Total comprehensive income						
Net profit	-	-	-	-	868,321,430	868,321,430
Other comprehensive income	-	-	7,365,795	-	-	7,365,795
Total comprehensive income	-	-	7,365,795	-	868,321,430	875,687,225
Effects of the change in investees' other equity applying the equity method	-	176,005	-	-	-	176,005
Profit distribution	-	-	-	86,832,143	(398,132,477)	(311,300,334)
-Appropriation to surplus reserves	-	-	-	86,832,143	(86,832,143)	-
-Profit distribution to equity owners	-	-	-	-	(311,300,334)	(311,300,334)
<b>Balance at 31 December 2013</b>	<u>2,075,335,560</u>	<u>1,402,034,992</u>	<u>(49,497,250)</u>	<u>787,784,419</u>	<u>1,693,551,152</u>	<u>5,909,208,873</u>
<b>Balance at 1 January 2014</b>	<u>2,075,335,560</u>	<u>1,402,034,992</u>	<u>(49,497,250)</u>	<u>787,784,419</u>	<u>1,693,551,152</u>	<u>5,909,208,873</u>
<b>Movements for the year ended 31 December 2014</b>						
Total comprehensive income						
Net profit	-	-	-	-	575,336,724	575,336,724
Other comprehensive income	-	-	34,273,394	-	-	34,273,395
Total comprehensive income	-	-	34,273,394	-	575,336,724	609,610,119
Effects of the change in investees' other equity applying the equity method	-	726,104	-	-	-	726,104
Profit distribution	-	-	-	57,533,672	(680,134,340)	(622,600,668)
-Appropriation to surplus reserves	-	-	-	57,533,672	(57,533,672)	-
-Profit distribution to equity owners	-	-	-	-	(622,600,668)	(622,600,668)
Disposal of odd lots	-	1,045,450	-	-	-	1,045,450
<b>Balance at 31 December 2014</b>	<u>2,075,335,560</u>	<u>1,403,806,545</u>	<u>(15,223,856)</u>	<u>845,318,091</u>	<u>1,588,753,536</u>	<u>5,897,989,877</u>

The accompanying notes form an integral part of these financial statements.

**CSG HOLDING CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

(All amounts are stated in RMB Yuan unless otherwise stated)

[English Translation for Reference Only]

**1. General information**

CSG Holding Co Ltd (the “Company”) was incorporated in September of 1984, 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). The Company was registered in Shenzhen, Guangdong Province of the People's Republic of China and its headquarter locates in Guangdong Province of the People's Republic of China. The registered capital upon incorporation was USD 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 shares, in October 1991 and January 1992, respectively. Both shares were listed in Shenzhen Stock Exchange in February 1992. The total share capital of the Company increased to 107,532,550 shares.

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. The 44-million-USD convertible bonds had been converted into 75,411,268 B shares by 31 December 1997, and the remaining balances were repaid upon maturity.

The Company issued new share capital of 832,519,306 shares 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 RMB 8. 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 RMB 8.58 per share. The total share capital of the Company increased to 1,237,103,124 shares upon the completion of the issuance.

Since, in 2008, the Group failed to meet the vesting conditions of the A share stock incentive scheme and certain employees resigned from 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 shares.

Since certain employees resigned from the Group, the Company repurchased and cancelled 1,042,500 A shares in 2010. The Company's total share capital was reduced to 1,222,695,624 shares.

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 issuing 7 shares for each 10 shares by capitalisation of capital surplus out of a total capital of 1,222,695,624 shares. The Company's total share capital was increased to 2,078,582,560 shares thereafter.

As certain employees resigned from the Group during 2010-2012, the Company repurchased and cancelled 3,247,000 A shares. The Company's total capital was reduced to 2,075,335,560 shares.

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

The subsidiary newly brought into the consolidation scope this year mainly includes China Southern Glass (Australia) Limited. Please refer to Note 4(9) and 5(2) for the detail. The subsidiary not in the consolidation scope this year mainly includes Shenzhen CSG Float Glass Co., Ltd.. Please refer to Note 5(1) for the detail.

The financial statements were authorized for issue by the board of directors on 27 March 2015.

## **2. Summary of significant accounting policies and accounting estimates**

The Group determines its specific accounting policies and estimates according to manufacturing and operation feature. It mainly reflected in provision for bad debts of receivables(Note 2(10)), inventory costing method(Note 2(11)), the criteria for determining impairment for available-for-sale equity instruments(Note 2(9)), amortization of fixed assets and intangible assets (Note 2(13)(16)), criteria for determining capitalised development expenditure (Note 2(16)), and timing for revenue recognition(Note 2(23)).

Please see Note 2(30) for the key judgements adopted by the Group in applying important accounting policies.

(1)Basis of preparation

The financial statements are prepared in accordance with the *Accounting Standard for Business Enterprises - Basic Standard*, and the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as "the Accounting Standard for Business Enterprises" or "CAS"), and "*Information Disclosure Rule No. 15 for Companies with Public Traded Securities - Financial Reporting General Provision*" issued by China Security Regulatory Commission.

As at 31 December 2014, the Group had net current liabilities of about RMB 4,240,000,000.00 and committed capital expenditure of about RMB195,000,000.00 (Note 10(1)). 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 in the next 12 months; b) the Group has maintained good relationship with banks, so the Group has been able to successfully renew the bank facilities upon the expiry. As at 31 December 2014, the Group had unutilised banking facilities of approximately RMB 8 billion, among which the long-term banking facilities was about RMB 1.8 billion. In addition, the Group has other sources of financing, such as issuing short-term bonds. The directors are of view that the banking facilities above 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 the financial statements of the Company and the Group.

(2)Statement of compliance with the Accounting Standard for Business Enterprises

The financial statements of the Company for the year ended 31 December 2014 truly and completely present the financial position as of 31 December 2014 and the operating results, cash flows and other information for the year then ended 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)Business combinations

(a)Business combinations involving enterprises 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.

(b)Business combinations involving enterprises 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) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date when the Group obtains control and are de-consolidated from the date when control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realised before the combination date is presented separately in the consolidated income statement.

When preparing the consolidated financial statements, if the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' equity and the portion of a subsidiaries' net profits and losses and comprehensive incomes for the period not attributable to Company are recognised as minority interests and presented separately in the consolidated financial statements under equity, net profits and total comprehensive income respectively. Unrealized profits and losses resulting from the sale of assets by the Company to the subsidiary fully eliminate the net profits attributable to equity holders of the parent; unrealized profits and losses resulting from the sale of assets by the subsidiary to the Company are eliminated and allocated between net profit attributable to owners of the parent and minority interests in accordance with the allocation proportion of the Company in the subsidiary. Unrealized profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between net profit attributable to owners of the parent and minority interests in accordance with the allocation proportion of the parent in the subsidiary.

If the accounting treatment of a transaction which considers the Group as an accounting entity is different from that considers the Company or its subsidiaries as an accounting entity, it is adjusted from the perspective of the Group.

## (7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, 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) Foreign currency translation

### (a) Foreign currency transaction

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 currencies are translated into RMB using the spot exchange rates 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 or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

#### (b) Translation of foreign currency financial statements

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

#### (9) Financial instrument

##### (a) Financial assets

##### (i) Classifications of financial assets

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. 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 held-to-maturity investments for 2014.

##### Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables comprise notes receivable, accounts receivable and other receivables (Note 2(10)).

##### 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.

##### (ii) Recognition and measurement

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. The related transaction costs that are attributable to the acquisition of receivables and available-for-sale financial assets are included in their initial recognition amounts.

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. Receivables are measured at amortised cost using the effective interest method.

Gains or losses arising from change in fair value of available-for-sale financial assets are recognised directly in equity, except for impairment losses and foreign exchange gains and losses arising from translation of monetary financial assets. When such financial assets are derecognised, the cumulative gains or losses previously recognised directly into equity are recycled into profit or loss for the current period. Interests on available-for-sale investments in debt instruments calculated using the effective interest method during the period in which such investments are held and cash dividends declared by the investee on available-for-sale investments in equity instruments are recognised as investment income, which is recognised in profit or loss for the period.

### (iii) Impairment of financial assets

The Group assesses the carrying amounts of financial assets at each balance sheet date. If there is objective evidence that a financial asset is impaired, an impairment loss is provided for.

Objective evidence indicating impairment of financial assets refers to the matter that actually occurs after the initial recognition of financial assets, it will affect estimated future cash flows of financial assets, and its impact can be reliably measured.

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. The Group calculates the initial investment cost of initial available-for-sale equity instruments investment using the weighted average method

When an impairment loss on a financial asset carried at amortised cost has occurred, the amount of loss is provided for at the difference between the asset's carrying amount and the present value of its 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 is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss.

If an impairment loss on available-for-sale financial assets measured at fair value is incurred, the cumulative losses arising from the decline in fair value that had been recognised directly in shareholders' equity are transferred out from equity and into impairment loss. For an investment in debt instrument classified as available-for-sale on which impairment losses have been recognised, if, in a subsequent period, its fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the previously recognised impairment loss is reversed into profit or loss for the current period. For an investment in an equity instrument classified as available-for-sale on which impairment losses have been recognised, the increase in its fair value in a subsequent period is recognised directly in equity.

#### (iv) Derecognition of financial assets

Financial assets are derecognised 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 sum of the consideration received and the cumulative changes in fair value that had been recognised directly in owner's equity, is recognised in profit or loss.

#### (b) Financial liabilities

Financial liabilities are classified into two categories at initial recognition: 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 bonds payable.

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

Borrowings and bonds payable are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost 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.

A financial liability (or a part of a financial liability) is derecognised when all or part of the obligation is extinguished. 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.

#### (c) Determination of fair value of 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 that is not traded in an active market is determined by using a valuation technique. During valuation, the Group adopts a valuation technique suitable for current situation, which is supported by sufficient available data and other information, chooses the inputs consistent with the feature of assets or liabilities considered in the transaction thereof with market participants, and uses related observable inputs in preference to the greatest extent. Unobservable inputs are used when it is unable to obtain or is infeasible for related observable inputs.

#### (10) Receivables

Receivables comprise notes receivable, accounts receivable and other receivables. Accounts receivable arising from sale of goods or rendering of services are initially recognised at fair value of the contractual payments from the buyers or service recipients.

(a) Receivables with amounts that are individually significant and subject to separate assessment for provision for bad debts

Receivables with amounts that are individually significant are subject to separate assessment for impairment. If there exists objective evidence that the Group will not be able to collect the amount under the original terms, a provision for bad debts of that receivable is made at the difference between its carrying amount and the present value of its estimated future cash flows.

The basis or amount for individually significant receivables is individually greater than RMB 20 million.

(b) Receivables with amounts that are not individually significant but subject to separate assessment for provision for bad debts

If there exists objective evidence that the Group will not be able to collect the amount under the original terms, a provision for bad debts of that receivable is made at the difference between its carrying amount and the present value of its estimated future cash flows.

(c) Receivables that are subject to provision for bad debts on the grouping basis

Receivables with amounts that have not been individually provided for impairment are classified into certain groupings based on their credit risk characteristics. The provision for bad debts is determined based on the historical loss experience for the groupings of receivables with similar credit risk characteristics, taking into consideration of the current circumstances.

Basis on determine the portfolio is as below:

Portfolio 1	Receivables not impaired after separate assessment
Portfolio 2	Related party portfolio

The percentage of provision for the portfolio:

	Percentage of provision for accounts receivable	Percentage of provision for other receivables
Portfolio 1	2%	2%
Portfolio 2	2%	2%

(d)The Group transfers receivables which have no recourse right to financial institution, the difference between the carrying amount which is trade amount cut the write-off receivables and related tax expenses charged into the income statement.

#### (11)Inventories

##### (a)Classification

Inventories refer to manufacturing sector, including raw materials, work in progress, finished goods and turnover materials, and are measured at the lower of cost and net realisable value.

##### (b)Inventory costing method

Cost is determined using the weighted average method. The cost of finished goods and work in progress comprise raw materials, direct labour and systematically allocated production overhead based on the normal production capacity.

##### (c)Amortisation methods of low value consumables and packaging materials

Turnover materials include low value consumables and packaging materials, which are expensed when issued.

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

Provision for decline in the value of inventories is determined at the excess amount of the carrying amounts of the inventories over their net realisable value. Net realisable 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 related taxes.

##### (e)The Group adopts the perpetual inventory system.

#### (12)Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, and the Group's long-term equity investments in its associates.

Subsidiaries are the investees over which the Company is able to exercise control. Associates are the investees that the Group has significant influence on their financial and operating policies.

Investments in subsidiaries are measured using the cost method in the Company's financial statements, and adjusted by using the equity method when preparing the consolidated financial statements. Investments in associates are accounted for using the equity method. Long-term equity investments where the Group does not have control, joint control or significant influence over the investees, and which are not quoted in an active market and whose fair value cannot be reliably measured are measured using the cost method.

(a) Initial recognition

For long-term equity investments formed in business combination: when obtained from business combinations involving entities under common control, the long-term equity investment is stated at carrying amount of equity for the combined parties at the time of merger; when the long-term equity investment obtained from business combinations involving entities not under common control, the investment is measured at combination cost.

For long-term equity investments not formed in business combination: the one paid by cash is initially measured at actual purchase price; the long-term investment obtained by issuing equity securities is stated at fair value of equity securities as initial investment cost.

(b) Subsequent measurement and recognition method of profit or loss

Long-term equity investments accounted for using the cost method are measured at initial investment cost. Cash dividend or profit distribution declared by the investees is recognised as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the investment is initially measured at 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 time of acquisition, the difference is included in profit or loss for the current period 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 the net losses of an investee after the carrying amounts 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, its proportionate share is directly recorded into capital surplus, provided that the proportion of shareholding of the Group 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 transactions between the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, based on which the investment gain or losses are recognised. Any losses resulting from transactions between the Group and its investees attributable to asset impairment losses are not eliminated.

## (c) Definition of control, joint control and significant influence over the investees

The term "control" refers to the power in the investees, to obtain variable returns by participating in the related business activities of the investees, and the ability to affect the returns by exercising its power over the investees.

The term "significant influence" refers to the power to participate in the formulation of financial and operating policies of an enterprise, but not the power to control, or jointly control, the formulation of such policies with other parties.

## (d) Impairment of long-term equity investments

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 (Note 2(18)).

## (13) Fixed assets

## (a) Recognition and initial measurement

Fixed assets comprise buildings, machinery and equipment, motor vehicles, computers and electronic equipment and office equipment.

Fixed assets are recognised when it is probable that the related economic benefits will flow to the Group and the costs 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 associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

## (b) Depreciation

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 that have been 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 lives, the estimated residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated residual value	Annual depreciation rate
Buildings	20-35 years	5%	2.71% to 4.75%



Machinery and equipment	8-15 years	5%	6.33% to 11.88%
Motor vehicles and others	5-8 years	0%	12.5% to 20%

The estimated useful life and the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

(c) The carrying amount of a fixed asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(18)).

#### (d) Disposal

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

#### (14) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the fixed assets ready for their intended use. Actual cost also includes net of trial production cost and trial production income before construction in progress is put into production.

Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month.

The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2(18)).

#### (15) 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 for its intended use commence to be capitalised and 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. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which 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.

For the specific borrowings obtained for the acquisition or construction of a fixed asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation 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 capitalisation period.

For the general borrowings obtained for the acquisition or construction of a fixed asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation 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

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

##### (a) Land use rights

Land use rights are amortised on the straight-line basis over their approved use period of 30 to 70 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognised as fixed assets.

##### (b) Patents

Patents are amortised on a straight-line basis over the patent protection period of 10 years as stipulated by the laws.

##### (c) Exploitation rights

Exploitation rights are amortized on a straight-line basis over permitted exploitation periods of 10 years set out on the exploitation certificate.

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

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

##### (e) Research and development

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 form an intangible asset at end of the project.

Expenditure on the research phase related to planned survey, evaluation and selection for research on

manufacturing technique is recognised in profit or loss in the period in which it is incurred. Prior to mass production, expenditure on the development phase related to the design and testing phase in regards to the final application of manufacturing technique is capitalised only if all of the following conditions are satisfied:

- the development of manufacturing technique has been fully demonstrated by technical team;
- the management has approved the budget for the development of manufacturing technique;
- there exists research and analysis of pre-market research explaining that products manufactured with such technique are capable of marketing;
- there is sufficient technical and capital to support the development of manufacturing technique and subsequent mass production; and the expenditure on manufacturing technique development can be reliably gathered.

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

#### (f) Impairment of intangible asset

If the recoverable amount of intangible asset is less than its carrying value, the carrying value is deducted to recoverable amount (Note 2(18)).

#### (17) Long-term prepaid expenses

Long-term prepaid expenses include the expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

#### (18) Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with finite useful lives and long-term equity investments in joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date; intangible assets not ready for their intended use are tested at least annually for impairment, irrespective of whether there is any indication that they may be impaired. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or groups of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

#### (19) Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits provided in various forms of consideration in exchange for service rendered by employees or compensations for the termination of employment relationship.

##### (a) Short-term employee benefits

Short-term employee benefits include employee wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs, short-term paid absences. The employee benefit liabilities are recognised in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Employee benefits which are non-monetary benefits shall be measured at fair value.

##### (b) Post-employment benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and Defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include basic pensions and unemployment insurance, both of which belong to the defined contribution plans.

##### Basic pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to prescribed bases and percentage by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities

in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

#### (c) Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; 2) when the Group recognises costs or expenses related to the restructuring that involves the payment of termination benefits.

#### Early retirement benefits

The Group offers early retirement benefits to those employees who accept early retirement arrangements. The early retirement benefits refer to the salaries and social security contributions to be paid to and for the employees who accept voluntary retirement before the normal retirement date prescribed by the State, as approved by the management. The Group pays early retirement benefits to those early retired employees from the early retirement date until normal retirement date. The Group accounts for the early retirement benefits in accordance with the treatment of termination benefits, in which the salaries and social security contributions to be paid to and for the early retired employees from the off-duty date to the normal retirement date are recognised as liabilities with a corresponding charge to the profit or loss for the current period. The differences arising from the changes in the respective actuarial assumptions of the early retirement benefits and the adjustments of benefit standards are recognised in profit or loss in the period in which they occur.

The termination benefits expected to be paid within one year since the balance sheet date are classified as current liabilities.

#### (20) Dividend distribution

Cash dividends distribution is recognised as a liability in the period in which the dividends are approved by the shareholders' meeting.

#### (21) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business

combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised 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 utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries and associates, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. 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 utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and liabilities are offset when:

- the deferred taxes are related to the same tax payer within the Group and the same taxation authority; and, that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

## (22) Provisions

Business restructuring, provisions for product warranties, onerous contracts etc. are recognised when the Group has a present obligation, 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.

A provision is 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 a provision. 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 provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

## (23) Revenue recognition

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the Sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of discounts, rebates and returns.

Revenue is recognised when the economic benefits associated with the transaction will flow to the Group, the related revenue can be reliably measured, and the specific revenue recognition criteria have been met for each type of the Group's activities as described below:

(a) Sale of goods

The Group mainly sells flat and engineer glass, fine 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 deliver 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

(b) Rendering of services

Revenue is recognized for the rendering of service by the Group to external parties upon the completion of related service.

(c) Transfer of asset use rights

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

(24) Government grants

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

Grants from the government are recognised when there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions. Monetary government grants are measured at the amounts received or receivable. 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 related to an asset refer to the government assets which are obtained by enterprises for the purposes of purchase or construction of, or which form the long-term assets by other ways. Government grants related to income refers to government grants other than those related to assets.

Deferred income is recognized for government grants related to an asset and evenly allocated over the useful life of the related assets, which are recognised in profit or loss for the current period. Government grants measured at nominal amount is directly recognised in profit or loss for current period.

Government grants relating to income, which is used to compensate the costs or losses incurred in future, are recognised

as deferred income and recognised in profit or loss over the period in which related costs are recognised.

#### (25) Leases

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is a finance lease. An operating lease is a lease other than a finance lease. The Group has no finance lease this year.

Lease payments under an operating lease are recognised on a straight-line basis over the period of the lease, and are either capitalised as part of the cost of related assets, or charged as an expense for the current period.

#### (26) Held for sale

A non-current asset or a disposal group is classified as held for sale when all of the following conditions are satisfied: (1) the non-current asset or the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such non-current asset or disposal group; (2) the Group has made a resolution and obtained appropriate approval for disposal of the non-current asset or the disposal group; (3) the Group has signed an irrevocable transfer agreement with the transferee; and (4) the transfer is to be completed within one year.

Non-current assets (except for financial assets and deferred tax assets) that meet the recognition criteria for held for sale are recognised at the amount equal to the lower of the fair value less costs to sell and the carrying amount. The difference between fair value less costs to sell and carrying amount, should be presented as impairment loss.

Such non-current assets and assets included in disposal groups as classified as held for sale are accounted for as current assets; while liabilities included in disposal groups classified as held for sale are accounted for as current liabilities.

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and is separately identifiable operationally and for financial reporting purposes, and satisfies one of the following conditions: (1) represents a separate major line of business or geographical area of operations; (2) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; and (3) is a subsidiary acquired exclusively with a view to resale.

#### (27) Safety production reserve

According to relevant regulations of the Ministry of Finance and National Administration of Work Safety, a subsidiary of the Group which is engaged in producing and selling polysilicon appropriates safety production reserve on following basis:

- (a) 4% for revenue below RMB 10 million of the year;
- (b) 2% for the revenue between RMB 10 million to RMB 100 million of the year;



- (c) 0.5% for the revenue between RMB 100 million to RMB 1 billion of the year;
- (d) 0.2% for the revenue above RMB 1 billion of the year.

The safety production reserve is mainly used for the overhaul, renewal and maintenance of safety facilities. The safety production costs are charged to costs of related products or profit and loss when appropriated, and safety production reserve in equity account are credited correspondingly. When using the special reserve, if the expenditures are expenses in nature, the expenses incurred are offset against the special reserve directly when incurred. If the expenditures are capital expenditures, when projects are completed and transferred to fixed assets, the special reserve should be offset against the cost of fixed assets, and a corresponding accumulated depreciation are recognised. The fixed assets are no longer be depreciated in future.

#### (28) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

**(29) Changes in significant accounting policies**

In 2014, the Ministry of Finance of the PRC issued CAS 39 "*Fair Value Measurement*", CAS 40 "*Joint arrangement*", CAS 41 "*Disclosure of Interests in Other Entities*", CAS 2 "*Long-Term Equity Investments*"(revised), CAS 9 "*Employee Benefits*" (revised), CAS 30 "*Presentation of Financial Statements*" (revised), CAS 33 "*Consolidated Financial Statements*" (revised) and CAS 37 "*Presentation of Financial Instrument*" (revised). Other than CAS 37 "*Presentation of Financial Instrument*" (revised), which should be implemented for the financial statements of annual 2014 and ever since, other statements should be applied from 1 July 2014.

The Group has adopted the above new standards to prepare the financial statements for the year ended 31 December 2014, and the major impacts are as follows:

Details and reasons for changes of accounting policies	Approval procedure	Affected accounts and amount
Accounting treatment in relation to long-term equity investments has been restated under the <i>Accounting Standard for Business Enterprises No.2-Long-Term Equity Investments</i> .		Please see the table(a) as below for the details
Several items in the financial statements have been revised or added and the comparative financial information has been adjusted accordingly in compliance with the above prescribed standards, and the balance sheet as at 1 January 2013 has been presented according to <i>Application Guidance for Accounting Standard for Business Enterprises No. 30 - Presentation of Financial Statements</i> .		Please see the table as below for the details
Disclosure in relation to fair value has been prepared under the <i>Accounting Standard for Business Enterprises No. 39 - Fair Value Measurement</i> , but the relevant information of the comparative period has not been adjusted according to the standard.		N/A
Disclosure in relation to the interests of the Group in other entities has been prepared under the <i>Accounting Standard for Business Enterprises No. 41 - Disclosure of Interests in Other Entities</i> . The financial information of the comparative period has been adjusted accordingly.		N/A

- (a) Accounts and amount affected by the first item in changes of accounting policies as listed above:

Item	31 December 2013	01 January 2013
Other comprehensive income	(112,417,641)	(112,417,641)
Undistributed profits	104,227,304	104,227,304
Surplus reserve	8,190,337	8,190,337

The Company held shares of Guangdong Golden Glass Technologies Limited (“Golden Glass”). On 30 June 2011, the Company ceased to have significant influence over this company due to changes in directors, and the accounting treatment was changed from long-term equity investments- equity method to financial assets- recognition and measurement of held-for-sale assets. As at 30 June 2011, the difference between the fair value of shares held by the Company in golden glass and carrying amount of original long-term investments was charged into capital reserve, and it shall be recorded into investment income for current period according to the revised 2014 accounting standards.

- (b) Accounts and amount affected by the second item in changes of accounting policies as listed above:

Item	31 December 2013	01 January 2013
Other non-current liabilities	(432,364,880)	(287,373,063)
Deferred revenue	432,364,880	287,373,063
Capital surplus	(45,915,972)	(36,058,970)
Other comprehensive income	43,980,241	37,076,752
Differences on translation of foreign currency financial statements	1,935,731	(1,017,782)

### (30) Critical accounting estimates and judgements

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

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 accounting year are outlined below:

#### (a) Income taxes

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 judgement is required from the Group in determining the provision for income taxes in each of these jurisdictions. 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 income tax

Estimates on deferred tax assets are based on estimates on amount of taxable income and applicable tax rate for every year. Realization of deferred income tax are subject to sufficient taxable income that are possible to be obtained by the Group in the future. 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 carrying amount by continually using the assets or disposal; and (3) whether the assumptions used in expected obtainable present value of future cash flows are appropriate.

Various assumptions, including the discount rate and growth rate applied in the method of present value of future cash flow, are required in evaluating the recoverable amount of 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 for next accounting period, so significant adjustments may be made to the carrying amount of fixed assets in balance sheet.

### 3. Taxation

(1)The main categories and rates of taxes applicable to the Group are set out below:

Category	Taxable basis	Tax rate
Enterprise income tax	Taxable income	15% to 25%
Value-added tax ("VAT")	Taxable value added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible VAT input of current period)	17%
City maintenance and construction tax	Value-added tax and business tax paid	1% to -7%
Educational surcharge	Value-added tax and business tax paid	3% to -5%
Resource Tax	Quantities of Silica sold	3 Yuan per ton

Some subsidiaries of the Group have used the "exempt, credit, refund" method on goods exported and the refund rate is 5%-17%.

#### (2)Tax incentives

Tianjin Energy Conservation Glass Co. Ltd. was recognised 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 for three years since 2012.

Dongguan CSG Architectural Glass Co. Ltd. was recognised 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 for three years since 2013.

Wujiang CSG North-east Architectural Glass Co., Ltd. passed the review on a high and new tech enterprise in 2014, and obtained the *Certificate of High and New Tech Enterprise*, the period of validity is three years. It applies to 15% tax rate for three years since 2014.

Dongguan CSG Solar Glass Co., Ltd. passed the review on a high and new tech enterprise in 2014, and obtained the *Certificate of High and New Tech Enterprise*, the period of validity is three years. It applies to 15% tax rate for three years since 2014.

Yichang CSG Silicon Co. Ltd. passed the review on a high and new tech enterprise in 2014, and obtained the *Certificate of High and New Tech Enterprise*, the period of validity is three years. It applies to 15% tax rate for three

years since 2014.

Dongguan CSG PV-tech Co. Ltd. was recognised 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 for three years since 2013.

Hebei Sichuan Glass Co., Ltd. was recognised 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 for three years since 2013.

Wujiang CSG Glass Co. Ltd. was recognised as a high and new tech enterprise in 2014, and obtained the *Certificate of High and New Tech Enterprise*, and the period of validity was three years. It applies to 15% tax rate for three years since 2014.

Sichuan CSG Energy Conservation Glass Co. Ltd. obtains enterprise income tax preferential treatment for Western Development, and temporarily calculates enterprise income tax at a tax rate of 15% for current year.

Chengdu CSG Glass Co., Ltd. obtains enterprise income tax preferential treatment for Western Opening-up, and temporarily calculates enterprise income tax at a tax rate of 15% for current year.

#### 4. Notes to the consolidated financial statements

##### (1) Cash at bank and on hand

	31 December 2014	31 December 2013
Cash on hand	17,163	32,108
Cash at bank	156,633,575	276,313,987
Other cash balances	1,488,312	3,326,428
Including: Total overseas deposit	19,445,274	6,460,858
	<u>158,139,050</u>	<u>279,672,523</u>

Other cash balances include margin deposits for issuing letters of credit and bank acceptance notes, amounting to RMB 1,300,790 (2013: RMB 3,221,655), which is restricted cash.

##### (2) Notes receivable

	31 December 2014	31 December 2013
Trade acceptance notes	35,158,725	25,249,258
Bank acceptance notes	120,429,904	298,640,232
	<u>155,588,629</u>	<u>323,889,490</u>

(a)As at 31 December 2014, notes receivable which have been pledged as collateral by the Group are as follows:

Bank acceptance notes	<u>26,101,928</u>
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The pledged notes receivables are the bank acceptance which have been pledged by the Company's associate, Yichang CSG Silicon Co. Ltd to create the Letter of Credit for their imported equipment.

(b)As at 31 December 2014, notes receivable which have been endorsed or discounted by the Group but are not yet due are as follows:

	Derecognised	Not derecognised
Trade acceptance notes	84,035,619	-
Bank acceptance notes	<u>1,791,552,288</u>	-
	<u>1,875,587,907</u>	<u>-</u>

(3)Accounts receivable

	31 December 2014	31 December 2013
Accounts receivable	325,849,881	140,386,765
Less: Provision for bad debts	<u>(7,575,307)</u>	<u>(3,956,082)</u>
	<u>318,274,574</u>	<u>136,430,683</u>

(a)The ageing of accounts receivable is analysed as follows:

	31 December 2014	31 December 2013
Within 1 year	318,185,786	134,535,013
1 to 2 years	5,976,526	5,774,297
2 to 3 years	1,687,569	-
Over 3 years	<u>-</u>	<u>77,455</u>
	<u>325,849,881</u>	<u>140,386,765</u>

(b)Accounts receivable analysed by category are as follows:

31 December 2014

31 December 2013

	31 December 2014				31 December 2013			
	Book value Amount	% of total balance	Provision for bad debts Provision for bad debts	Percentage	Book value Amount	% of total balance	Provision for bad debts Provision for bad debts	Percentage
Amounts that are not individually significant but with specific provision for bad debts	1,055,500	0%	(1,055,500)	100%	1,176,952	1%	(1,176,952)	100%
Provided for bad debts by portfolio								
Portfolio 1	324,373,257	100%	(6,511,385)	2%	135,011,681	96%	2,779,130)	2%
Portfolio 2	421,124	0%	(8,422)	2%	4,198,132	3%	-	0%
	<u>325,849,881</u>	<u>100%</u>	<u>(7,575,307)</u>	<u>2%</u>	<u>140,386,765</u>	<u>100%</u>	<u>(3,956,082)</u>	<u>3%</u>

(c) Provision for bad debts is provided on grouping basis using the percentage of provision method are analysed as follows:

	31 December 2014			31 December 2013		
	Book value Amount	Provision for bad debts Amount	Percentage	Book value Amount	Provision for bad debts Amount	Percentage
Portfolio 1	324,373,257	(6,511,385)	2%	135,011,681	(2,779,130)	2%
Portfolio 2	421,124	(8,422)	2%	4,198,132	-	0%
	<u>324,794,381</u>	<u>(6,519,807)</u>	<u>2%</u>	<u>139,209,813</u>	<u>(2,779,130)</u>	<u>2%</u>

(d) As at 31 December 2014, the Company had no accounts receivable with amounts that were individually significant and that the related provision for bad debts was provided on the individual basis (31 December 2013: Nil).

(e) As at 31 December 2014, accounts receivable of RMB 1,055,500 (31 December 2013: RMB 1,176,952) was not individually significant but provided for bad debts separately. It represented the trade receivables of the subsidiary 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.

(f) Accounts receivables of RMB 121,161 were written off this year, all of which were low amount of accounts receivable and none of which arose from related-party transactions. The reasons for the written-off included disputes with customers and inability to contact with creditors and etc.

(g) As at 31 December 2014, the Group's five largest accounts receivable balances are set out as below:



	Balance	Provision for bad debts	Percentage in total accounts receivable balance
Total balances for the five largest accounts receivable	95,501,350	(1,910,027)	29%

## (4) Other receivables

	31 December 2014	31 December 2013
Deposits	11,722,126	11,894,550
Payments made on behalf of other parties	10,877,574	3,577,151
Petty cash	1,100,583	1,093,081
Export tax rebates receivable	885,580	-
Amounts due from related parties	-	20,491,742
Receivable from insurance company	-	72,000,000
Others	1,917,411	668,948
	<u>26,503,274</u>	<u>109,725,472</u>
Less: Provision for bad debts	(530,118)	(359,449)
	<u>25,973,156</u>	<u>109,366,023</u>

## (a) The aging of other receivables are analysed below:

	31 December 2014	31 December 2013
Within 1 year	20,614,986	97,843,656
1 to 2 years	787,282	4,066,046
2 to 3 years	3,073,147	7,110,817
3 to 4 years	1,550,600	584,295
4 to 5 years	393,000	30,000
Over 5 years	84,259	90,658
	<u>26,503,274</u>	<u>109,725,472</u>

## (b) Other receivables are analysed by categories as below

	31 December 2014				31 December 2013			
	Book value		Provision for bad debts		Book value		Provision for bad debts	
	Amount	% of total balance	Provision for bad debts	Percentage	Amount	% of total balance	Provision for bad debts	Percentage
Provided for bad debts by portfolio								
Portfolio 1	26,503,274	100%	(530,118)	2%	89,233,730	81%	(359,449)	0.4%
Portfolio 2	-	-	-	-	20,491,742	19%	-	-
	<u>26,503,274</u>	<u>100%</u>	<u>(530,118)</u>	<u>2%</u>	<u>109,725,472</u>	<u>100%</u>	<u>(359,449)</u>	<u>0.3%</u>

(c) No other receivables were written off this year.

(d) For other receivable provided for bad debts by portfolio, the percentage of provision for the portfolio is as follows:

	31 December 2014			31 December 2013		
	Book value	Provision for bad debts		Book value	Provision for bad debts	
	Amount	Amount	Provision coverage	Amount	Amount	Percentage
Portfolio 1	26,503,274	(530,118)	2%	89,233,730	(359,449)	0.4%
Portfolio 2	-	-	-	20,491,742	-	-
	<u>26,503,274</u>	<u>(530,118)</u>	<u>2%</u>	<u>109,725,472</u>	<u>(359,449)</u>	<u>0.3%</u>

(e) As at 31 December 2014, the top 5 largest other receivables are analysed as below:

Nature of business	Balance	Ageing	Percentage in total other receivable balance	Provision for bad debts
Company A Independent third party	9,040,169	Within 1 year	34%	(180,803)
Company B Independent third party	5,050,000	Within 1 year	19%	(101,000)
Company C Independent third party	1,000,000	Within 1 year	4%	(20,000)
Company D Independent third party	699,993	Within 1 year	3%	(14,000)
Company E Independent third party	574,265	Within 1 year	2%	(11,485)
	<u>16,364,427</u>		<u>62%</u>	<u>(327,288)</u>

## (5) Advances to suppliers

(a) The ageing of advances to suppliers is analysed below:

	31 December 2014	31 December 2013
Within 1 year	79,212,988	64,425,812
1 to 2 years	2,380,189	1,194,891
2 to 3 years	1,153,376	-
Over 3 years	1,485,000	7,757,626
	<u>84,231,553</u>	<u>73,378,329</u>

As at 31 December 2014, advances to suppliers ageing over one year amount to RMB 5,018,565 (31 December 2013: RMB 8,952,517). They were mainly the advances of materials, and the payment had not been selected because the materials had not been received.

(b) As at 31 December 2014, the top five largest advances to supplies are set out as below:

	Balance	Percentage in total advances balance
Total advances for the five largest advances	<u>49,780,504</u>	60%

## (6) Inventories

(a) The inventory is categorised as below:

	31 December 2014			31 December 2013		
	Book Balance	Provision for declines in the value of inventories	Carrying amount	Book value	Provision for declines in the value of inventories	Carrying amount
Raw materials	182,724,650	(2,635,772)	180,088,878	172,776,858	(3,460,876)	169,315,982
Work in progress	13,529,352	-	13,529,352	11,390,574	-	11,390,574
Finished goods	166,376,712	(187,065)	166,189,647	159,807,342	(674,152)	159,133,190
Turnover materials	30,844,741	-	30,844,741	38,844,966	-	38,844,966
	<u>393,475,455</u>	<u>(2,822,837)</u>	<u>390,652,618</u>	<u>382,819,740</u>	<u>(4,135,028)</u>	<u>378,684,712</u>

(b) Provision for decline in the value of inventories are analysed as follows:

	31 December 2013	Increase in the current year	Written off in the current year	31 December 2014
Finished goods	674,152	165,415	(652,502)	187,065
Raw materials	3,460,876	827,379	(1,652,483)	2,635,772
	<u>4,135,028</u>	<u>992,794</u>	<u>(2,304,985)</u>	<u>2,822,837</u>

(c) The provisions for declines in the value of inventories is analysed below:

	Basis for accrued inventory write-down provision	Reasons of inventory write-down provision reversal
Finished goods	The amount of carrying amount less net realisable value	-
Raw materials	The amount of book value less net realisable value	-

(7) Other current assets

	31 December 2014	31 December 2013
VAT to be offset	177,597,527	169,072,490
Prepaid enterprise income tax	42,311,190	-
Non-current assets held for sale		
- Fixed assets	-	714,861,781
- Construction in progress	-	96,289,101
- Intangible assets	-	41,240,723
	<u>219,908,717</u>	<u>1,021,464,095</u>

(8) Available-for-sale financial assets

	31 December 2014	31 December 2013
Measured at fair value		
- Available-for-sale equity instruments	145,568,100	122,760,000
Less: Provisions for impairment	-	-
	<u>145,568,100</u>	<u>122,760,000</u>



## (a) Associates

	31 December 2013	Variation in current year					31 December 2014	Provision for impairment loss
		Share of net profit/(loss) under equity method	Other changes in equity	Cash dividends or profit distributions declared	Provision for impairment loss	Others		
Shenzhen CSG Di Technology Co., Ltd.	768,204,865	9,329,476	324,568	(26,235,366)	-	-	751,623,543	-
China Southern Glass (Australia) Limited	1,832,311	852,319	-	(1,290,925)	-	(1,393,705)	-	-
	770,037,176	10,181,795	324,568	(27,526,291)	-	(1,393,705)	751,623,543	-

(i) On 11 March 2014, the Company signed an agreement with Truly Wealth Limited to acquire its 2% shares as owned in China Southern Glass (Australia) Limited. The share transfer procedures were completed on 1 April 2014, thus the Company's shares in China Southern Glass (Australia) Limited increased to 51% from 49%, and obtained controls over the latter since the date of acquisition.

## (10) Fixed assets

	Buildings	Machinery and equipment	Motor vehicles and others	Total
Cost				
31 December 2013	2,625,181,542	7,316,514,097	164,355,600	10,106,051,239
Increase in the current year				
Acquisition	1,453,709	14,139,802	13,054,308	28,647,819
Transfers from construction in progress	500,574,069	2,543,150,921	4,068,899	3,047,793,889
Others	44,745,591	59,315,407	4,038,165	108,099,163
Decrease in the current year				
Disposal or retirement	(303,579)	(5,692,953)	(5,590,037)	(11,586,569)
Transfer in construction in progress	(7,998,791)	(713,482,360)	(79,235)	(721,560,386)
Others	(2,513,621)	(16,642,354)	-	(19,155,975)
31 December 2014	3,161,138,920	9,197,302,560	179,847,700	12,538,289,180

## Accumulated depreciation

31 December 2013	315,226,370	1,653,676,371	106,565,279	2,075,468,020
Increase in the current year				
Provision	88,715,866	591,546,464	28,925,028	709,187,358
Decrease in the current year				
Disposal or retirement	(5,981)	(3,000,651)	(4,223,467)	(9,152,447)
Transfer in construction in progress	(3,160,001)	(279,338,955)	(48,825)	(280,625,433)
31 December 2014	400,776,254	1,962,883,229	131,218,015	2,494,877,498

## Provision for impairment loss

31 December 2013	-	50,645,536	-	50,645,536
Increase in the current year				
Provision	-	487,048	-	487,048
Others	-	145,232,803	-	145,232,803
Decrease in the current year				
Disposal or retirement	-	(1,261,806)	-	(1,261,806)
Others	-	(2,809,814)	-	(2,809,814)

31 December 2014	-	192,293,767	-	192,293,767
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## Carrying amount

31 December 2014	2,760,362,666	7,042,125,564	48,629,685	9,851,117,915
31 December 2013	2,309,955,172	5,612,192,190	57,790,321	7,979,937,683

In 2014, the depreciation amount provided for fixed assets was RMB 709,187,358(2013: RMB 666,726,289), and the amount of depreciation expense charged to cost of sales, selling expenses, general and administrative expenses and construction in progress were RMB 619,530,394(2013: RMB 603,902,520), RMB 1,294,660 (2013: RMB 1,626,728), RMB 77,380,138 (2013: RMB 61,197,041), and RMB 10,982,166 (2013: RMB 0) respectively.

The cost of property, plant, and equipment transferred from constructions in progress was RMB 3,047,793,889. (2013: RMB 1,253,997,624).

## (a)Property, plant, and equipment that does not obtain ownership certificate

	Carrying amount	Reason
Buildings	721,348,295	Have submitted the required documents and are in the process of application, or the related land use right certificate pending

## (11)Construction in progress

	31 December 2014			31 December 2013		
	Book value	Provision for impairment loss	Carrying amount	Book value	Provision for impairment loss	Carrying amount
Yichang ultrathin electronic glass project	331,017,838	-	331,017,838	211,049,240	-	211,049,240
Qingyuan high-performance ultrathin electronic glass project	329,196,892	-	329,196,892	28,936,268	-	28,936,268
Hebei float 900T tech-innovation project	206,731,167	-	206,731,167	-	-	-
Dongguan Solar Glass Phase I and II improvement project	198,222,378	(33,075,116)	165,147,262	225,650,441	(34,169,351)	191,481,090
Dongguan Solar Glass Phase I and II 2*250T project renovation	151,377,587	-	151,377,587	-	-	-
Dongguan PV Tech 200MW PV-tech Battery Expansion project	137,416,428	-	137,416,428	198,993,042	-	198,993,042
Chengdu Float 700T line tech-renovation	125,046,580	-	125,046,580	-	-	-
Sichuan energy-saving project Phase III	121,483,787	-	121,483,787	-	-	-



Electronic Silicon products expansion project with annual capacity of 1000 tons	78,039,730	-	78,039,730	-	-	-
Xianning energy-saving glass project	59,279,228	-	59,279,228	138,872,425	-	138,872,425
Wujiang new energy distributed generation project	52,761,779	-	52,761,779	-	-	-
Wujiang float glass project	70,831,532	(19,876,460)	50,955,072	58,282,399	-	58,282,399
Suzhou PV distributed generation project	36,670,408	-	36,670,408	-	-	-
Wujiang energy glass expansion project	16,203,036	-	16,203,036	389,766,964	-	389,766,964
Yichang 700MW silicon slice expansion project phase III	3,179,106	-	3,179,106	80,510,116	-	80,510,116
Yichang Polycrystalline silicon technical project	-	-	-	1,525,226,129	(144,480,698)	1,380,745,431
Others	70,089,836	-	70,089,836	84,533,230	(752,105)	83,781,125
	<u>1,987,547,312</u>	<u>(52,951,576)</u>	<u>1,934,595,736</u>	<u>2,941,820,254</u>	<u>(179,402,154)</u>	<u>2,762,418,100</u>

## (a) Movement of Significant Project

Project name	Budget	31 December 2013	Increase in the current year	Transfer to fixed assets during the current year	Decrease in the current year	31 December 2014	Proportion between Engineering input and budget (i)	Amount of accumulated interest capitalised	Amount of interest capitalised in 2014	Capitalisation rate for 2014	Source of fund
Yichang ultrathin electronic glass project	320,000,000	211,049,240	120,119,605	(151,007)	-	331,017,838	85%	3,601,169	3,440,969	5.85%	Internal fund and bank loan
Qingyuan high-performance ultrathin electronic glass project	471,660,000	28,936,268	300,260,624	-	-	329,196,892	82%	1,202,823	1,202,823	4.20%	Internal fund and bank loan
Hebei float 900T tech-innovation project	341,871,140	-	220,273,582	-	(13,542,415)	206,731,167	5%	-	-	-	Internal fund
Dongguan Solar Glass Phase I and II improvement project	396,410,000	225,650,441	1,141,777	-	(28,569,840)	198,222,378	12%	-	-	-	Internal fund
Dongguan Solar Glass Phase I and II 2*250T project renovation	250,000,000	-	151,377,587	-	-	151,377,587	38%	1,196,184	1,196,184	5.41%	Internal fund and bank loan
Dongguan PV Tech 200MW PV-tech Battery Expansion project	697,000,000	198,993,042	80,458,740	(142,035,354)	-	137,416,428	90%	30,773,834	3,056,248	5.23%	Internal fund and bank loan
Chengdu Float 700T line tech-renovation	106,053,391	-	137,950,346	-	(12,903,766)	125,046,580	2%	-	-	-	Internal fund
Sichuan energy-saving project Phase III	222,817,517	-	181,157,416	(59,673,629)	-	121,483,787	84%	-	-	-	Internal fund
Electronic Silicon products expansion project with annual capacity of 1000 tons	112,485,200	-	99,239,835	(21,200,105)	-	78,039,730	66%	969,380	969,380	5.24%	Internal fund and bank loan
Xianning energy-saving glass project	264,672,252	138,872,425	121,217,114	(200,810,311)	-	59,279,228	96%	10,397,416	6,263,274	6.25%	Internal fund and bank loan
Wujiang new energy distributed generation project	76,320,000	-	52,761,779	-	-	52,761,779	83%	-	-	-	Internal fund
Wujiang float glass project	845,630,000	58,282,399	18,009,109	(5,014,124)	(445,852)	70,831,532	99%	20,120,444	-	-	Internal fund and bank loan
Suzhou PV distributed generation project	50,122,360	-	36,670,408	-	-	36,670,408	73%	-	-	-	Internal fund
Wujiang energy glass expansion project	500,000,000	389,766,964	129,765,964	(503,329,892)	-	16,203,036	94%	6,321,397	2,038,546	5.40%	Internal fund and bank loan
Yichang 700MW silicon slice expansion project phase III	1,980,000,000	80,510,116	254,791,896	(332,122,906)	-	3,179,106	26%	15,243,032	4,704,433	5.24%	Internal fund and bank loan
Yichang Polycrystalline silicon technical project	1,780,525,000	1,525,226,129	56,755,875	(1,557,920,954)	(24,061,050)	-	99%	31,349,486	10,609,884	5.24%	Internal fund and bank loan
Others	1,208,770,000	84,533,230	211,092,213	(225,535,607)	-	70,089,836	-	14,099,011	1,016,708	-	Internal fund and bank loan
		<u>2,941,820,254</u>	<u>2,173,043,870</u>	<u>(3,047,793,889)</u>	<u>(79,522,923)</u>	<u>1,987,547,312</u>		<u>135,274,176</u>	<u>34,498,449</u>		

(i) The proportion of project expenditure incurred to the budget is determined by the accumulative expenditures incurred divided by the total budget. Some of the projects are transferred to property, plant, and equipment because the construction is completed.

(ii) The budget and actual expenditures incurred for these kinds of projects include cost of acquiring land use rights. The balance of construction in progress does not include the costs of acquiring land-use right.

## (b) Provision for impairment of Construction in Progress

Project name	31 December 2013	Increase in the current year	Decrease in the current year	31 December 2014	Reason for provision
Yichang Polycrystalline silicon technical project	145,232,803	-	(145,232,803)	-	
Dongguan Solar Glass Phase I and II improvement project	34,169,351	-	(1,094,235)	33,075,116	
Wujiang float glass project	-	19,876,460	-	19,876,460	The equipment is obsolete. Provision is determined by the difference between carrying amount and estimated net selling price.
	<u>179,402,154</u>	<u>19,876,460</u>	<u>(146,327,038)</u>	<u>52,951,576</u>	

## (12) Intangible assets and development expenditure

	Land use rights	Patents	Exploitation rights	Others	Total
Cost					
31 December 2013	930,748,447	93,906,914	4,456,536	21,017,195	1,050,129,092
Increase in the current year					
Acquisition	-	24,061,050	-	2,644,107	26,705,157
Internal development	-	17,368,060	-	-	17,368,060
Others	342,483	-	-	-	342,483
31 December 2014	931,090,930	135,338,024	4,456,536	23,659,302	1,094,544,792

Accumulated  
amortisation

31 December 2013	66,982,288	26,893,388	2,104,160	7,609,248	103,589,084
Increase in the current year					

Provision	18,986,162	7,686,846	400,641	4,085,269	31,158,918
31 December 2014	85,968,450	34,580,234	2,504,801	11,694,517	134,748,002

Provision for  
impairment loss

31 December 2013	-	13,201,347	-	9,133	13,210,480
31 December 2014	-	13,201,347	-	9,133	13,210,480

Carrying amount

31 December 2014	845,122,480	87,554,443	1,951,735	11,957,652	946,586,310
31 December 2013	863,766,159	53,812,179	2,352,376	13,398,814	933,329,528

In 2014, the amortisation of intangible assets amounted to RMB 31,158,918(2013: RMB 33,603,131).

As at 31 December 2014, ownership certificates of land use right (“Land ownership Certificates”) for certain land use rights of the Group with carrying amounts of approximately RMB 17,966,349 (cost: RMB 18,273,829) had not yet been obtained by the Group (as at 31 December 2013, carrying amount: RMB 18,134,263, cost: RMB 18,273,829). The Company’s management are of the view that there is no legal restriction for the Group to apply for and obtain the Land Ownership Certificates and has no adverse effect on the Group’s business operation. The management estimates that the land use right certificates can be obtained within two years.

Research expenditure is analysed below:

	31 December 31 2013	Increase in the current year	Decrease in the current year		31 December 2014
			Recognised as expense	Recognised as intangible assets	
Development expenditure	9,881,310	37,710,233	(12,547,827)	(17,368,060)	17,675,656

In 2014, the total amount of research and development expenditures of the Group was RMB 208,139,482 (2013: RMB 190,986,572), including RMB 182,975,076 (2013: RMB 179,879,478) recorded in income statement for current period and RMB 17,368,060(2013: RMB 4,836,076) recognized as intangible assets for current period. The development expenditures accounted for 18% of total research and development expenditures(2013: 12%). As at 31 December 2014, the intangible assets arising from internal research and development accounted for 8.45% of total of intangible assets (2013: 6.61%).

(13)Goodwill

	31 December 2013	Increase in the current year	Decrease in the current year	31 December 2014
Goodwill	3,039,946	-	-	3,039,946

- (i) The goodwill arose from purchasing the minority shareholder equity from Tianjin CSG Architectural Glass Co., Ltd in 2007.

The goodwill allocated to the asset groups and groups of asset groups was summarised by operating segments as Floating Glass and Architectural Glass segment.

The Company's management considered that the goodwill was not impaired at 31 December 2014.

The recoverable amount of asset groups and groups of asset groups is calculated using the estimated cash flows determined according to the five-year budget approved by management. Management determines budgeted gross margin and growth rate based on past experience and forecast on future market development. The discount rates used by management are the pre-tax interest rates that are able to reflect the risks specific to the related asset groups.

#### (14)Deferred tax assets and liabilities

##### (a)Deferred income tax assets before offsetting

	31 December 2014		31 December 2013	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairments	331,582,423	50,084,878	394,062,293	66,928,812
Tax loss	228,839,385	39,358,381	488,375,368	82,067,509
Government grants	118,438,100	17,765,715	74,376,594	18,168,759
Accrued expenses	11,695,801	1,856,243	18,704,822	2,746,933
Depreciation of fixed assets	62,001,185	11,479,038	55,638,307	13,373,098
Impairment not yet approved by the tax authority	1,686,604	421,651	-	-
	<u>754,243,498</u>	<u>120,965,906</u>	<u>1,031,157,384</u>	<u>183,285,111</u>
Including:				
Expected to reverse within one year (inclusive)		33,245,693		90,581,639
Expected to be recovered after one year		<u>87,720,213</u>		<u>92,703,472</u>
		<u>120,965,906</u>		<u>183,285,111</u>

## (b)Deferred income tax liabilities before offsetting

	31 December 2014				31 December 2013			
	Taxable differences	temporary differences	Deferred liabilities	tax liabilities	Taxable differences	temporary differences	Deferred liabilities	tax liabilities
Depreciation of fixed assets	148,485,447		23,330,396		90,877,625		19,136,896	
Changes in fair value of available-for-sale financial assets(Note 4(8))	127,174,500		31,044,915		98,349,984		22,910,046	
Withholding income tax(i)	96,760,660		4,838,033		190,630,093		10,749,040	
	<u>372,420,607</u>		<u>59,213,344</u>		<u>379,857,702</u>		<u>52,795,982</u>	

## Including:

Expected to reverse within one year (inclusive)		38,566,869		38,509,926
Expected to be recovered after one year		20,646,475		14,286,056
		<u>59,213,344</u>		<u>52,795,982</u>

(i) In accordance with CIT Laws, if the subsidiaries in Mainland China remit dividends, which are realised after 1 January 2008, to those overseas subsidiaries within the Group, the overseas subsidiaries should pay the certain withholding income tax for dividends received.

(c)Deductible temporary differences and deductible losses that are not recognised as deferred tax assets are analysed as follows:

	31 December 2014	31 December 2013
Deductible losses(i)	<u>17,574,997</u>	<u>10,083,600</u>

(i) The deductible tax losses not recognised as deferred tax assets mainly represented the tax losses of the Company and some closed subsidiaries. The management expected that it was not probable that taxable profit would be available in the future against which these deductible tax losses can be utilised, and accordingly, did not recognise the deferred tax assets.

(d) The tax losses for which no deferred tax assets were recognised will expire in the following years:

	31 December 2014	31 December 2013
2015	5,878,284	1,239,309
2016	5,224,377	8,102,695
2017	-	741,596
2018	-	-
2019	6,472,336	-
	<u>17,574,997</u>	<u>10,083,600</u>

(e) The net balances of deferred tax assets and liabilities after offsetting are as follows:

	31 December 2014		31 December 2013	
	Net deferred income tax assets or liabilities	Temporary differences and deductible tax loss	Net deferred income tax assets or liabilities	Temporary differences and deductible tax loss
Deferred tax assets	103,781,894	643,634,824	164,787,158	945,930,458
Deferred tax liabilities	<u>42,029,332</u>	<u>261,811,933</u>	<u>34,298,029</u>	<u>294,630,776</u>

(15) Other non-current assets

	31 December 2014	31 December 2013
Prepayment of land premium	6,510,000	6,510,000
Prepayment for software upgrading	1,149,084	-
	<u>7,659,084</u>	<u>6,510,000</u>

(16) Provision for asset impairments

	31 December 2013	Increase in the current year	Decrease in the current year			Transfer of assets into fixed assets	31 December 2014
			Reverse	Disposal of subsidiaries	Written-off		
Provision for bad debts	4,315,531	4,746,373	(832,094)	(3,124)	(121,261) -	-	8,105,425

Including: Provision for bad debts of accounts receivable	3,956,082	4,496,929	(756,443)	-	(121,261)	-	7,575,307
- Provision for bad debts of other receivable s	359,449	249,444	(75,651)	(3,124)	-	-	530,118
Provision for impairment of inventories	4,135,028	992,794	-	-	(2,304,985)	-	2,822,837
Provision for impairment of fixed assets	50,645,536	487,048	-	-	(4,071,620)	145,232,803	192,293,767
Provision for impairment of construction in progress	179,402,154	19,876,460	-	-	(1,094,235)	(145,232,803)	52,951,576
Provision for impairment of intangible assets	13,210,480	-	-	-	-	-	13,210,480
	<u>251,708,729</u>	<u>26,102,675</u>	<u>(832,094)</u>	<u>(3,124)</u>	<u>(7,592,101)</u>	<u>-</u>	<u>269,384,085</u>

## (17) Short-term borrowings

## (a) Categorization of short-term borrowings

	31 December 2014	31 December 2013
Guaranteed(i)	276,123,175	139,743,800
Unsecured	81,000,000	185,000,000
Short-term finance bonds (ii)(iii)	1,600,000,000	1,100,000,000
	<u>1,957,123,175</u>	<u>1,424,743,800</u>

(i) As at 31 December 2014, short-term loans of certain subsidiaries of the Company amounting to RMB 276,123,175 (31 December 2013: RMB 139,743,800) were guaranteed by the Company, of which the minority shareholders provided a back to back guarantee to the Company amounting to RMB 5,346,960 (31 December 2013: RMB 13,577,007).



(ii) Approved by file No. [2013]CP20 of Inter Bank Market Trading Association, the Company is entitled to issue short-term financial bonds with the limit of RMB1,100,000,000, which expires on 25 January 2015.

The Company issued short-term bonds of RMB 700,000,000 on 27 June 2014 for the second time in 2014. The bonds above matured on 27 June 2015, with an annual interest rate of 5.10%.

The Company issued short-term bonds of RMB 400,000,000 on 25 August 2014 for the third time in 2014. The bonds above matured on 25 August 2015, with an annual interest rate of 5.10%.

(iii) Approved by file No. [2013]CP20 of Inter Bank Market Trading Association, the Company is entitled to issue short-term financial bonds with the limit of RMB1,100,000,000, which expires on 14 January 2016.

The Company issued short-term bonds of RMB 500,000,000 on 14 March 2014 for the first time in 2014. The bonds above matured on 14 March 2015, with an annual interest rate of 5.65%. Until the balance sheet date, such short-term bonds has been repaid.

As at 31 December 2014, the interest of short-term borrowings varied from 2.10% to 6.00% (31 December 2013: 3.50% to 6.15%).

(18) Trade acceptance notes

	31 December 2014	31 December 2013
Bank acceptance notes	3,500,000	4,429,188

All notes payable are due within one year.

(19) Accounts payable

	31 December 2014	31 December 2013
Account payable for materials	439,372,650	451,221,943
Account payable for equipment	297,341,486	269,562,625
Account payable for constructions	161,767,036	183,742,269
Account payable for freight	39,476,466	56,828,669
Account payable for water and electricity	17,886,165	11,473,944
Others	4,694,073	8,786,999
	960,537,876	981,616,449

As at 31 December 2014, the amount of accounts payable over 1 year was approximately RMB 135,951,066 (31 December 2013: RMB 94,719,853), which mainly comprised of payables for construction work. As the construction work had not passed the final acceptance test yet, the balance was not yet settled.

## (20) Advances from customers

	31 December 2014	31 December 2013
Advances from customers	<u>113,994,747</u>	<u>160,689,070</u>

The aging of balances was substantively within 1 year.

## (21) Employee benefits payable

	31 December 2014	31 December 2013
Short-term employee benefits payable(a)	159,038,971	160,236,136
Defined contribution plans payable(b)	1,392	5,488
Termination benefits payable(c)	-	6,135,614
	<u>159,040,363</u>	<u>166,377,238</u>

## (a) Short-term employee benefits

	31 December 2013	Increase in the current year	Decrease in the current year	31 December 2014
Wages and salaries, bonus, allowances and subsidies	92,068,628	712,242,014	(707,843,882)	96,466,760
Social security contributions	1,592	27,164,546	(27,165,375)	763
Including: Medical insurance	1,296	21,298,841	(21,299,532)	605
Work injury insurance	181	4,323,800	(4,323,860)	121
Maternity insurance	115	1,541,905	(1,541,983)	37
Housing funds	1,688,347	33,140,802	(33,017,936)	1,811,213
Labour union funds and employee education funds	13,677,569	10,814,409	(10,931,743)	13,560,235
Management bonus(i)	52,800,000	56,200,000	(61,800,000)	47,200,000
	<u>160,236,136</u>	<u>839,561,771</u>	<u>(840,758,936)</u>	<u>159,038,971</u>

Pursuant to the resolution at 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 was based on the annual return on net assets and the net profit for the year. During the year, management bonuses amounting to RMB 56,200,000 (2013: RMB 71,800,000) were accrued and charged to profit and loss.

## (b) Defined contribution plans payable

	31 December 2013	Increase in the current year	Decrease in the current year	31 December 2014
Basic pensions	5,121	71,541,431	(71,545,342)	1,210
Unemployment insurance	367	5,637,078	(5,637,263)	182
	<u>5,488</u>	<u>77,178,509</u>	<u>(77,182,605)</u>	<u>1,392</u>

## (c) Termination benefits payable

	31 December 2014	31 December 2013
Other termination benefits (i)	-	6,135,614
	<u>-</u>	<u>6,135,614</u>

(i) Other termination benefits referred to the economic compensation paid by the Group for the resignation of Shenzhen CSG Float Glass Co., Ltd.

## (22) Taxes payable

	31 December 2014	31 December 2013
Enterprise income tax payable	31,803,614	103,256,466
Value-added tax payable	13,020,627	29,120,147
Housing property tax payable	3,062,512	12,493,565
Individual income tax payable	2,417,752	2,446,051
Educational surcharge payable	1,451,458	4,201,672
City maintenance and construction tax payable	1,151,060	2,905,195
Others	4,306,585	6,331,607
	<u>57,213,608</u>	<u>160,754,703</u>

## (23) Interest payable

	31 December 2014	31 December 2013
Interest of long-term borrowings with periodic payments of interest and return of principal at maturity	1,063,746	1,501,744

Interest for corporate bonds	21,205,379	21,205,379
Interest payable for short-term borrowings	4,304,657	1,398,983
Interest payable for short-term financing	47,983,200	36,661,428
	<u>74,556,982</u>	<u>60,767,534</u>

## (24)Other payables

	31 December 2014	31 December 2013
Guarantee deposits received from construction contractors	56,379,162	65,810,543
Accrued cost of sales(ii)	29,715,316	23,158,690
Payment made on behalf of Shenzhen CSG Float Glass Co., Ltd.(i)	25,471,189	-
Payable for contracted labour costs	12,588,566	8,000,696
Dispatching capital for industrial production(iii)	10,000,000	-
Temporary receipts	5,017,670	6,144,727
Deposit for disabled	2,280,516	1,073,491
Withholding income tax	1,744,586	2,597,520
Advance received for dispose of a subsidiary	-	450,000,000
Others	4,072,973	344,916
	<u>147,269,978</u>	<u>557,130,583</u>

(i) It represented the payment made to external third parties arising from undertaking the rights of debtor and creditor.

(ii) It represented various fees already incurred but without invoices, including water and electricity fee, professional service fee, and travelling expenses.

It represented the loan from Yichang Municipal Finance Bureau borrowed by the subsidiary Yichang CSG Silicon Co. Ltd. ("Yichang CSG") as dispatching capital for industrial production in October of 2014, with an amount of RMB 10,000,000. The loan is interest free.

Most of the other payables are due within 1 year.

## (25)Current portion of non-current liabilities

31 December 2014                      31 December 2013

Current portion of long-term borrowings		
- Guaranteed(i)	123,283,550	106,074,515
- Unsecured	-	293,775,200
Current portion of non-current liabilities(ii)	1,995,783,205	-
	<u>2,119,066,755</u>	<u>399,849,715</u>

(i) The loans were guaranteed by the Company in favour of the subsidiaries, of which RMB 5,284,000(31 December 2013: RMB 10,931,447 were back to back guaranteed by the minority shareholders of the subsidiaries of the Company.

(ii) Current portion of non-current liabilities represented corporate bonds payable.

	31 December 2013	Interest accrued at par value	Amortization of premium and discount	Repayment in current year	31 December 2014
Corporate bonds	1,991,041,175	106,600,000	4,742,030	(106,600,000)	1,995,783,205

Related information on bonds are as below:

	Par value	Issuing date	Bond maturity	Issuing amount
Corporate bonds	1,000,000,000	20 October 2010	5 years	989,100,000
Corporate bonds	1,000,000,000	20 October 2010	7 years	989,100,000

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 RMB 2 billion. The Corporate Bonds include RMB 1 billion that will mature in 5 years ("5 year Bonds") and another RMB 1 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 carries at fixed interest rate of 5.33% per year, with interest paid annually. The Bonds are recorded at actual discounted issuing amount, and the effective interest rate is 5.59% annually.

(26)Other non-current liabilities

	31 December 2013	Increase in the current year	Decrease in the current year	31 December 2014
Provisions				
Others	300,000	-	-	300,000

## (27) Long-term borrowings

	31 December 2014	31 December 2013
Guaranteed (i)	187,817,820	302,904,204
Unsecured	196,000,000	-
	<u>383,817,820</u>	<u>302,904,204</u>

As at 31 December 2014, loans of certain subsidiaries of the Company were guaranteed by the Company, and the minority shareholders of the subsidiaries of the Company provided a back to back guarantee to the Company amounting to RMB 5,284,000 (2013: RMB 74,536,483). The interest should be paid monthly or quarterly. The principals will be repaid between January 2016 and August 2018.

As at 31 December 2014, the interest of long term borrowings varied from 5.70% to 6.15% (31 December 2013: 3.87% to 6.4%).

## (28) Bonds payable

	31 December 2013	Accrued Interest	Amortized	Paid interest	Reduction	31 December 2014
Corporate bonds	<u>1,991,041,175</u>	<u>106,600,000</u>	<u>4,742,030</u>	<u>(106,600,000)</u>	<u>(1,995,783,205)</u>	<u>-</u>

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 RMB 2 billion. The Corporate Bonds include RMB 1 billion that will mature in 5 years ("5 year Bonds") and another RMB 1 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. In 2014, the Company reclassified corporate bonds into current portion of non-current liabilities.

## (29) Deferred revenue

31 December 2014	31 December 2013
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Government grants	444,909,519	432,364,880
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Government grants are analysed below:

	31 December 2013	Increase in current year	Non-operating income in current year	31 December 2014	Assets/ Income related
Tianjin CSG Golden Sun Project(i)	46,366,000	20,240,000	(2,764,205)	63,841,795	Asset-related
Dongguan CSG Golden Sun Project(ii)	33,583,584	20,950,000	(2,933,584)	51,600,000	Asset-related
Hebei CSG Golden Sun Project(iii)	31,810,000	16,500,000	(2,415,500)	45,894,500	Asset-related
Xianning CSG Golden Sun Project(iv)	60,104,917	-	(3,030,500)	57,074,417	Asset-related
Infrastructure compensation for Wujiang CSG Glass Co., Ltd(v)	54,191,230	868,804	(3,306,523)	51,753,511	Asset-related
Ylichang Photoconductive glass project(vi)	41,719,660	-	-	41,719,660	Asset-related
Yichang Silicon products project (vii)	33,046,875	-	(2,812,500)	30,234,375	Asset-related
Yichang CSG crucible project(viii)	11,843,870	3,468,782	(726,290)	14,586,362	Asset-related
Sichuan energy-saving glass project(ix)	17,091,540	-	(1,654,020)	15,437,520	Asset-related
Group Coating Film experimental project(x)	11,792,800	-	(625,000)	11,167,800	Asset-related
Enterprise supporting fund for Xianning CSG Glass Co., Ltd.(xi)	63,632,400	-	(35,000,000)	28,632,400	Income related
Others	27,182,004	7,954,318	(2,169,143)	32,967,179	Asset-related/ Income related
	432,364,880	69,981,904	(57,437,265)	444,909,519	

- (i) The allowance was granted by Tianjin Municipal Government. The allowance was used for establishing PV power station by Tianjin CSG Architectural Glass Co., Ltd.("Tianjin project"). 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.

- (ii) The allowance was granted by Dongguan Municipal Government. The allowance was used for establishing PV power station by Dongguan CSG Architectural Glass Co. Ltd. ("Dongguan project"). When the facilities were set up, they belonged to Dongguan 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 Langfang Municipal Government. The allowance was used for establishing PV power station by Hebei CSG Glass Co., Ltd. ("Hebei project"). 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.
- (iv) The allowance was granted by Xianning Municipal Government. The allowance was used for establishing PV power station by Xianning CSG Glass Co Ltd. ("Xianning project"). 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.
- (v) The allowance was infrastructure compensation granted by Wujiang municipal government, and will be credited to income statement in 15 years, the shortest operating period as committed by the Group.
- (vi) The allowance was granted by Wujiang municipal government, and will be credited to income statement in 15 years, in accordance with the minimum operating period committed by the Group.
- (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, which will be amortised by 15 years according to the useful life of the converting station.
- (viii) It represented the government supporting fund obtained by Yichang Silicon from the acquiring of the assets and liabilities of Crucible project of Yichang Hejing Photoelectric Ceramic Co., LTD. The proceeds would be amortized and credited to income statement by 15 years after related assets were put into use.
- (ix) 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 by the Group.
- (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 by 20 years in the estimated useful life of the relevant fixed assets.



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

## (30) Share capital

	Movements for the year ended 31 December 2014						31 December 2014
	31 December 2013	New issues during the year	Bonus issue	Capitalisation	Others	Sub-total	
PRC public shares	1,312,751,568	-	-	-	-	-	1,312,751,568
Domestically listed foreign shares	762,583,992	-	-	-	-	-	762,583,992
	<u>2,075,335,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,075,335,560</u>

	Movements for the year ended 31 December 2014						31 December 2013
	2012 31 December	New issues during the year	Bonus issue	Capitalisation	Others	Sub-total	
PRC public shares	1,312,751,568	-	-	-	-	-	1,312,751,568
Domestically listed foreign shares	762,583,992	-	-	-	-	-	762,583,992
	<u>2,075,335,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,075,335,560</u>

The par value of the PRC public shares is RMB 1, and that of domestically listed foreign shares is HKD 1.

## (31) Capital surplus

	31 December 2013	Increase in the current year	Decrease in the current year	31 December 2014
Capital premium	1,345,264,670	-	-	1,345,264,670
Other capital surplus	186,246	1,370,018	(6,730,027)	(5,173,763)
Effects of the change in investees' other equity applying the equity method	27,047	324,568	-	351,615
Share-based payment	2,409,421	-	-	2,409,421
Transfer from the balance of capital surplus recognised under previous accounting system	(2,250,222)	-	-	(2,250,222)
Disposal of odd lots	-	1,045,450	-	1,045,450
Purchase of minority interest	-	-	(6,730,027)	(6,730,027)
	<u>1,345,450,916</u>	<u>1,370,018</u>	<u>(6,730,027)</u>	<u>1,340,090,907</u>

	31 December 2012	Increase in the current year	Decrease in the current year	31 December 2013
Capital premium	1,345,264,670	-	-	1,345,264,670
Other capital surplus	(291,652)	477,898	-	186,246
Effects of the change in investees' other equity applying the equity method	-	27,047	-	27,047
Share-based payment	1,958,570	450,851	-	2,409,421
Transfer from the balance of capital surplus recognised under previous accounting system	(2,250,222)	-	-	(2,250,222)
	<u>1,344,973,018</u>	<u>477,898</u>	<u>-</u>	<u>1,345,450,916</u>

(a) The reason for the decrease of Capital reserve–other in current year is the acquisition of minority interest, with the detail as follows:

- (i) On 25 December 2013, the Company purchased 6.03% of the equities of Yichang Silicon, the subsidiary of the Company, from Yichang LiYuan Sci-Tech Development Co., Ltd. The share transfer procedures were completed on 20 January 2014, and the Company thus held 100% equities of Yichang Silicon. The adjustment to capital surplus due to such transaction is set out as below:

Acquisition cost-

Cash paid for acquisition of minority interests	55,914,931
Less: Share of identifiable net assets in the subsidiary continually calculated at the proportion of increased part of shares which the Company is entitled to as of the date of consolidation	(54,151,067)
Increase capital surplus of the Group's consolidated statements	<u>1,763,864</u>

- (ii) On 9 June 2014, the Company purchased 25% equities of Xianning CSG Glass Co Ltd, the subsidiary of the Company, from Jinfeng Co.,Ltd. The share transfer procedures were completed on 25 June 2014, and the Company thus held 100% equities of Xianning CSG. The adjustment to capital surplus due to such transaction is set out as below:

Acquisition cost-

Cash paid for acquisition of minority interests	69,030,000
Less: Share of identifiable net assets in the subsidiary continually calculated at the proportion of increased part of shares which the Company is entitled to as of the date of consolidation	(64,063,837)
Increase capital surplus of the Group's consolidated statements	<u>4,966,163</u>

## (32) Other comprehensive income

	Other comprehensive income in Balance Sheet			Other comprehensive income in Income Statement for the year ended 31 December 2014				
	31 December 2013	Attributable to equity holders of the Company after tax	31 December 2014	Actual amount before tax for current year	Less: Reclassification of previous other comprehensive income to profit or loss in current year	Less: Income tax expenses	Attributable to equity holders of the Company after tax	Attributable to minority shareholders after tax
Other comprehensive income items which will be reclassified subsequently to profit or loss								
Gains or losses arising from changes in fair value of available-for-sale financial assets	(69,051,669)	53,081,559	(15,970,110)	59,886,100	6,237,748	(13,042,289)	53,081,559	-
Finance incentives for energy and technical transformation	2,550,000	-	2,550,000	-	-	-	-	-
Differences on translation of foreign currency financial statements	(1,935,731)	1,834,748	(100,983)	1,284,714	-	-	1,834,748	(550,034)
	<u>(68,437,400)</u>	<u>54,916,307</u>	<u>(13,521,093)</u>	<u>61,170,814</u>	<u>6,237,748</u>	<u>(13,042,289)</u>	<u>54,916,307</u>	<u>(550,034)</u>

	Other comprehensive income in Balance Sheet			Other comprehensive income in Income Statement for the Year Ended 31 December 2013				
	31 December 2012	Attributable to equity holders of the Company after tax	31 December 2013	Actual amount before tax for current year	Less: Reclassification of previous other comprehensive income to profit or loss in current year	Less: Income tax expenses	Attributable to equity holders of the Company after tax	Attributable to minority shareholders after tax
Other comprehensive income items which will be reclassified subsequently to profit or loss								
Gains or losses arising from changes in fair value of available-for-sale financial assets	(78,908,671)	9,857,002	(69,051,669)	12,804,541	-	(2,947,539)	9,857,002	-
Finance incentives for energy and technical transformation	2,550,000	-	2,550,000	-	-	-	-	-
Differences on translation of foreign currency financial statements	1,017,782	(2,953,513)	(1,935,731)	(2,953,513)	-	-	(2,953,513)	-
	<u>(75,340,889)</u>	<u>6,903,489</u>	<u>(68,437,400)</u>	<u>9,851,028</u>	<u>-</u>	<u>(2,947,539)</u>	<u>6,903,489</u>	<u>-</u>

## (33)Special reserve

	31 December 2013	Increase in the current year	Decrease in the current year	31 December 2014
Safety production reserve	14,503,860	3,007,776	(2,948,810)	14,562,826

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

## (34)Surplus reserve

	31 December 2013	Increase in the current year	Decrease in the current year	31 December 2014
Statutory surplus reserve	645,386,491	57,533,672	-	702,920,163
Discretionary surplus reserve	127,852,568	-	-	127,852,568
	<u>773,239,059</u>	<u>57,533,672</u>	<u>-</u>	<u>830,772,731</u>

	1 January 2013 (Restated)	Increase in the current year	Decrease in the current year	31 December 2013
Statutory surplus reserve	558,554,348	86,832,143	-	645,386,491
Discretionary surplus reserve	127,852,568	-	-	127,852,568
	<u>686,406,916</u>	<u>86,832,143</u>	<u>-</u>	<u>773,239,059</u>

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulates to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase share capital after approval from the appropriate authorities. The Company accrued statutory surplus reserve at the amount of RMB 57,533,672, 10% of the net profit, in 2014. (2013: RMB 86,832,143, accrued at 10% of the net profit).

The Company appropriates for the discretionary surplus reserve after the shareholders' meeting approves the proposal from the Board of Directors. The discretionary surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities. The Company did not appropriate to discretionary surplus reserve during the year.

## (35)Undistributed profits

	2014	2013
Undistributed profits at the beginning of the year (before adjustment)	3,907,802,144	2,665,777,580
Adjustment	-	104,227,302
Undistributed profits at the beginning of the year (after adjustment)	3,907,802,144	2,770,004,882
Add: Net profits attributable to the equity shareholders of the Company	873,653,030	1,535,929,739
Less: Appropriation to statutory surplus reserves	(57,533,672)	(86,832,143)
Dividends to ordinary shares	(622,600,668)	(311,300,334)
Undistributed profits at end of year	<u>4,101,320,834</u>	<u>3,915,992,483</u>

As at 31 December 2014, included in the undistributed profits, RMB715,870,900 was subsidiaries' surplus reserve attributable to the Group (31 December 2013: RMB 730,054,385), among which RMB 58,634,502 (2013: RMB 72,870,930) was appropriated by the subsidiaries and attributable to the Group in 2014 and RMB 72,817,987(2013: RMB 41,709,715) in surplus reserve was transferred out in 2014 due to disposal of subsidiaries.

Pursuant to the resolution of board of directors of the Company on 14 April 2014, the Company paid cash dividend of RMB 3 (tax inclusive) for each 10 shares based on total shares of 2,075,335,560, with cash dividend distributed in a total of RMB 622,600,668.

## (36)Revenue and cost of sales

	2014	2013
Revenue from main operations	6,975,782,507	7,663,179,548
Revenue from other operations	68,720,138	70,616,566
	<u>7,044,502,645</u>	<u>7,733,796,114</u>
	2014	2013
Cost of sales from main operations	5,282,531,266	5,470,796,940
Cost of sales from other operations	40,688,124	30,503,717
	<u>5,323,219,390</u>	<u>5,501,300,657</u>

## (a) Revenue and cost of main operations

Revenue and cost of main operations analysed by product are set out below:

	2014		2013	
	Revenue	Cost	Revenue	Cost
Floating glass	3,618,711,310	3,092,620,314	3,958,217,805	3,104,282,050
Engineer glass	3,028,041,544	2,059,740,779	2,854,745,532	1,956,957,342
Solar panel and parts	1,087,053,989	890,895,075	945,054,866	814,673,607
Fine glass	-	-	794,643,237	481,426,660
Elimination	(758,024,336)	(760,724,902)	(889,481,892)	(886,542,719)
	<u>6,975,782,507</u>	<u>5,282,531,266</u>	<u>7,663,179,548</u>	<u>5,470,796,940</u>

## (b) Other revenue and cost

	2014		2013	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sale of raw materials	55,052,841	39,225,539	50,353,649	21,622,360
Leasing income	13,667,297	4,334,084	20,262,917	8,881,357
Others	68,720,138	40,688,124	70,616,566	30,503,717
	<u>55,052,841</u>	<u>39,225,539</u>	<u>50,353,649</u>	<u>21,622,360</u>

## (37) Taxes and surcharges

	2014	2013
Business tax	160,870	455,227
City maintenance and construction tax	16,573,798	24,521,529
Educational surcharge	15,656,695	21,823,359
Others	772,441	1,059,880
	<u>33,163,804</u>	<u>47,859,995</u>

## (38) Selling and distribution expenses

	2014	2013
Freight expenses	117,746,160	106,828,789
Employee benefits	88,007,236	89,558,604
Travelling expenses	9,878,808	13,271,862
Entertainment expenses	9,295,926	11,276,621
Vehicle use fee	6,944,405	8,968,094
Compensation	6,297,720	3,839,291
General office expenses	5,842,255	7,109,244
Rental expenses	5,064,210	6,203,531
Depreciation expenses	1,294,660	1,626,728
Others	15,348,975	18,712,011
	265,720,355	267,394,775

## (39) General and administrative expenses

	2014	2013
Employee benefits	177,723,427	236,610,572
Research and development expenses	182,975,076	179,879,478
Taxation Expenses	51,565,821	50,268,540
Depreciation expenses	77,380,138	61,197,041
General office expenses	19,729,998	22,238,006
Amortisation of intangible assets	31,158,918	33,603,131
Water and electricity expense	5,617,643	14,771,713
Canteen costs	6,132,201	10,872,951
Travelling expenses	7,455,219	6,293,313
Rental expenses	5,185,678	7,297,589
Vehicle use fee	5,208,239	6,032,421
Entertainment expenses	6,444,187	6,406,463
Labour union funds	9,122,427	11,309,395
Others	12,073,117	24,540,647
	597,772,089	671,321,260

## (40) Financial expenses

	2014	2013
Loan interest	252,183,762	270,041,796
Less: Borrowing costs capitalized	(34,498,449)	(37,392,318)
Interest expenses	217,685,313	232,649,478
Amortization of corporate bond issue costs	4,742,030	4,416,887
Less: Interest income	(3,200,872)	(4,723,169)
Exchange losses/(gains)	4,915,912	(2,502,167)
Others	7,389,051	8,480,673
	<u>231,531,434</u>	<u>238,321,702</u>

## (41) Expenses by nature

The cost of sales, selling expenses and general and administrative expenses in the income statements are listed as follows by nature:

	2014	2013
Changes in inventories of finished goods and work in progress	(9,086,546)	56,035,217
Consumed raw materials and low value consumables, etc.	2,411,697,076	2,724,727,895
Fuel fee	1,192,958,476	1,173,848,197
Employee benefits	730,013,316	839,456,171
Depreciation and amortization expenses	729,364,110	644,074,024
Water and electricity expense	608,529,625	418,211,432
Freight expenses	117,746,160	106,828,789
Taxation Expenses	51,565,821	50,268,540
General office expenses	36,833,364	40,585,572
Travelling expenses	21,560,882	23,993,959
Entertainment expenses	16,377,321	18,515,449
Vehicle use fee	14,310,899	17,051,049
Rental	10,249,888	13,501,120
Labour union funds	9,122,427	11,309,395
Compensation	6,297,720	3,839,291
Others	239,171,295	297,770,592
	<u>6,186,711,834</u>	<u>6,440,016,692</u>



## (42)Investment income

	2014	2013
Cash dividend earned during the holding period of available-for-sale financial assets	98,640	432,000
Gains from disposal of long-term equity investment(Note 5(1))	311,247,064	926,639,137
Gains from disposal of available-for-sale financial assets	6,912,150	-
Gain from long-term equity investment under equity method(Note 4(9)(a))	10,181,795	305,002
	328,439,649	927,376,139

There is no significant restriction on the remittance of investment income to the Group.

## (43)Asset impairment losses

	2014	2013
Provision for bad debts	3,914,279	(1,798,966)
Provision for inventories	992,794	2,575,770
Impairment of fixed assets	487,048	7,718,170
Impairment of construction in in progress	19,876,460	54,125,723
Impairment of intangible assets	-	1,745,531
	25,270,581	64,366,228

## (44)Non-operating income

	2014	2013	Amount of non-recurring gain and loss included in 2014
Gain on disposal of non-current assets	4,194,755	4,330,610	4,194,755
Including: Gains on disposal of fixed assets	4,194,755	4,330,610	4,194,755
Government grants(a)	90,223,936	115,138,161	90,223,936
Default income	34,099	6,317,040	34,099

Insurance indemnities(b)	-	72,000,000	-
Compensation income	1,247,768	2,367,157	1,247,768
Funds unpayable	13,937,174	12,877,467	13,937,174
Others	4,190,279	3,657,079	4,190,279
	<u>113,828,011</u>	<u>216,687,514</u>	<u>113,828,011</u>

(a) Government grants are analysed below:

	2014	2013	Category
Government grants amortization(Note 4(29))	57,437,265	46,873,843	Asset-income related
Industry supporting fund	14,040,801	51,575,788	Income related
Advanced energy saving	6,985,967	-	Income related
Government awards fund	6,782,155	3,353,990	Income related
Subsidies for research and development	2,321,440	1,709,980	Income related
Interest subsidy for technical reform	439,046	8,010,000	Income related
Energy saving subsidy	20,000	1,000,000	Income related
Others	2,197,262	2,614,560	Income related
	<u>90,223,936</u>	<u>115,138,161</u>	

(b) On 18 August 2013, a fire occurred to Dongguan CSG PV-tech Co., Ltd. Due to such fire losses, PICC Property and Casualty Company Limited (PPICCP&C) Shenzhen branch had settled such claim and paid a compensation of RMB 72,000,000, which was received in January of 2014.

(45) Non-operating expenses

	2014	2013	Amount of non-recurring gain and loss included in 2014
Losses on disposal of non-current assets	21,917,537	140,789,846	21,917,537
Including: Losses on disposal of fixed assets	21,917,537	140,789,846	21,917,537
Compensation	282,005	8,000,000	282,005
Donation	23,000	160,000	23,000
Other	4,287,621	3,166,417	4,287,621

26,510,163	152,116,263	26,510,163
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(i) On 31 October 2010, the Company signed *EQUITY TRANSFER CONTRACT OF 100% EQUITIES IN HAINAN WENCHANG QUARTZ SAND MINE* with Hainan AVIC Special Glass materials Co.,Ltd. Wenchang mine owned Farmland occupation tax payable upon incorporation totalling RMB 2,549,914 due to negligence to notify by tax authorities and untimely tax payment. As both parties had disagreement in regard to the assumption of tax payment obligation, Hainan AVIC Special Glass materials Co.,Ltd. filed a lawsuit to the court in 10 July 2014. A dispute agreement was reached between both parties though mutual negotiation, the Company paid RMB 2,700,000 in a lump sum.

## (46)Income tax expenses

	2014	2013
Current income tax calculated by tax laws and related regulations	30,269,559	267,507,522
Deferred income tax	13,548,198	(7,643,032)
	<u>43,817,757</u>	<u>259,864,490</u>

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expenses is listed below:

	2014	2013
Total profit	<u>983,582,489</u>	<u>1,935,178,887</u>
Income tax calculated at applicable tax rates	137,323,189	414,765,434
Effect of change in tax rates	3,285,273	-
Costs, expenses and losses not deductible for tax purposes	6,693,566	8,170,361
Income not subject to tax	(2,570,108)	(129,958,948)
Utilisation of previously unrecognised tax losses	-	(38,723,365)
Temporary differences for which no deferred income tax asset was recognised for current period	(7,093,777)	-
Write off temporary differences for which deferred income tax asset was recognised for previous period	2,775,665	-
Adjustment in income tax expenses in prior years(i)	(77,854,087)	-
Repay the prior year's income tax adjustment	(23,579,997)	-
Withholding tax on subsidiaries' profit to be distributed	4,838,033	5,611,008
Income tax expenses	<u>43,817,757</u>	<u>259,864,490</u>

(i) In 2011 and 2012, Chengdu CSG Glass Co., Ltd. applied to pay income tax at a preferential rate of 15% as stipulated in west development policies in encouraging the enterprises, but the tax authority made no approval thereof, so Chengdu CSG Glass Co., Ltd. paid income tax at a rate of 25% in 2011, 2012 and 2013. Tax authority granted a preferential rate of 15% when 2013 filling was completed in May of 2015.

(47) Earnings 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.

	2014	2013
Consolidated profit attributable to equity holders of the Company	873,653,030	1,535,929,739
Weighted average number of ordinary shares in issue	2,075,335,560	2,075,335,560
Basic earnings per share	<u>0.42</u>	<u>0.74</u>

Including:

-Earnings per share for continuing operations	0.42	0.69
-Earnings per share for discontinued operations(Note 11)	0.00	0.05

(b) Diluted earnings 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 for the year ended 31 December 2014(2013: Nil), accordingly the diluted earnings per share equalled basic earnings per share.

(48) Notes to consolidated cash flow statements

(a) Cash received relating to other operating activities

	2014	2013
Interest income	3,200,872	4,723,169
Government grants	32,786,671	68,264,318
Return of the pledged deposit	1,920,865	7,283,211
Others	6,735,737	2,739,786
	<u>44,644,145</u>	<u>83,010,484</u>

## (b)Cash paid relating to other operating activities

	2014	2013
Freight expenses	141,435,653	113,444,136
Canteen costs	33,754,076	40,258,218
General office expenses	32,538,996	33,039,420
Research and development expenses	21,809,474	19,125,674
Travelling expenses	21,797,036	22,715,580
Entertainment expenses	17,282,575	17,517,291
Vehicle use fee	14,600,357	16,356,356
Maintainance fee	11,282,311	16,498,724
Rental expenses	10,249,888	13,501,119
Insurance	10,099,993	6,056,319
Bank fees	7,810,394	7,007,653
Consulting fee	7,199,200	6,179,099
Compensation	6,297,720	3,839,291
Others	174,434,138	59,211,806
	<u>510,591,811</u>	<u>374,750,686</u>

## (c)Cash received relating to other investing activities

	2014	2013
Consideration receivable for dispose of subsidiary	330,000,000	-
Receivables of equity transfer price	-	540,000,000
Receivables of insurance indemnities	72,000,000	-
Government grants received relating to assets	62,573,599	253,398,160
Received deposit	9,431,381	82,885,853
Trial production revenue from constructions in progress	26,311,056	11,229,265
Default income related to disposal of a subsidiary	-	6,317,040
	<u>507,724,341</u>	<u>893,830,318</u>

## (d)Cash paid relating to other investing activities

	2014	2013
Return of consideration receivable for dispose of subsidiary	-	21,800,000
Deposit paid	-	64,643,573
Trial production expenditures from constructions in progress	95,729,500	43,889,940
	<u>95,729,500</u>	<u>130,333,513</u>

## (e) Cash received relating to other financing activities

	2014	2013
Amounts due from related parties	19,610,000	436,613,233
Return of notes deposit	-	23,463,087
Proceeds from selling of fractional share	1,045,448	-
	<u>20,655,448</u>	<u>460,076,320</u>

## (f) Cash payments relating to other financing activities

	2014	2013
Repayment of interest-free loan to government	-	68,634,600
Commission related to borrowings and notes	-	1,992,649
Acquisition of minority interest	124,944,930	-
	<u>124,944,930</u>	<u>70,627,249</u>

## (49) Supplementary information of the cash flow statement

## (a) Reconciliation from net profit to cash flows from operating activities

	2014	2013
Net profit	939,764,732	1,675,314,397
Add: Provisions for asset impairment	25,270,581	64,366,228
Depreciation of fixed assets	698,205,192	666,726,289
Amortisation of intangible assets	31,158,918	33,603,131
Safety production reserve	3,007,776	3,400,550
Employee service cost relating to share based payment	-	692,644
Net losses on disposal of fixed assets and intangible assets	17,722,782	136,459,236
Income from insurance indemnities	-	(72,000,000)
Financial expenses	217,685,313	237,066,365
Investment income	(328,439,649)	(927,376,139)
Decrease/(Increase) in deferred tax assets	14,279,079	(6,946,821)
Increase/(Decrease) in deferred tax liabilities	(403,566)	(696,211)
Increase in inventories	(10,655,715)	(41,135,247)
Increase in operating receivables	(62,612,305)	(33,298,622)
Increase/(Decrease) in operating payables	(138,723,928)	(37,308,265)
Net cash flows from operating activities	<u>1,406,259,210</u>	<u>1,698,867,535</u>

## (b) Net increase / (decrease) in cash and cash equivalents

	2014	2013
Cash at the end of the year	156,838,260	276,450,868
Less: Cash at the beginning of the year	(276,450,868)	(447,736,536)
Net decrease in cash	<u>(119,612,608)</u>	<u>(171,285,668)</u>

## (c) Cash and cash equivalents

	31 December 2014	31 December 2013
Cash on hand		
-Cash on hand	17,163	32,108
-Cash comprise bank deposits that can be readily drawn on demand	156,633,575	276,313,987
-Other cash balances hat can be readily drawn on demand.	187,522	104,773
Cash balance at end of year	<u>156,838,260</u>	<u>276,450,868</u>

## (d) Disposal of subsidiaries

	2014	2013
Cash received from disposal of subsidiaries in current year		
Including: Shenzhen CSG Display Technology Co., Ltd.	-	426,413,663
Shenzhen CSG Float Glass Co., Ltd.	468,000,000	-
Less: Cash held by subsidiary on the date which control losses		
Including: Shenzhen CSG Display Technology Co., Ltd.	-	(144,986,958)
Shenzhen CSG Float Glass Co., Ltd.	(4,839,877)	-
Add: Advance received relating to disposal of subsidiary in 2012	-	20,000,000
Net proceeds from disposal of subsidiaries	<u>463,160,123</u>	<u>301,426,705</u>

## Disposal of net assets of subsidiaries

	2014	2013
Current assets	57,070,456	387,511,636
Non-current assets	900,746,922	1,005,855,405

Current liabilities	(333,839,442)	(733,154,470)
Non-current liabilities	(17,225,000)	(260,798,500)
	<u>606,752,936</u>	<u>399,414,071</u>

## (50) Monetary items denominated in foreign currencies

	31 December 2014		
	Foreign currency balances	Exchange rates	Balances in RMB
Cash at bank and on hand-			
USD	745,338	6.1190	4,560,723
HKD	2,419,462	0.7889	1,908,714
AUD	3,494,099	5.0174	17,531,292
EUR	371,052	7.4556	2,766,415
JPY	19	0.0514	1
			<u>26,767,145</u>
Accounts receivable-			
USD	4,076,148	6.1190	24,941,950
EUR	1,577,296	7.4556	11,759,688
JPY	577,480	0.0514	29,682
			<u>36,731,320</u>
Short-term borrowings			
USD	11,835,800	6.1190	72,423,260
EUR	2,278,000	7.4556	16,983,857
			<u>89,407,117</u>
Current portion of non-current liabilities-			
USD	1,028,520	6.1190	<u>6,293,514</u>
Accounts payable-			
USD	4,283,460	6.1190	26,210,492
EUR	3,735,786	7.4556	27,852,526
			<u>54,063,018</u>
Other payables-			
EUR	10,000	7.4556	<u>74,556</u>



## 5 Changes in the scope of consolidation

### (1) Disposal of subsidiaries

(a) Related information of disposal of subsidiaries in current year is summarized as below;

Subsidiaries	Disposal consideration	Disposal percentage	Disposal method	Timing for Control right losing	Basis for determining timing for Control right losing	Difference between disposal consideration and disposed investment and corresponding net asset shares in such subsidiary at consolidated statements level	The amount of other comprehensive income related to equity investment of original subsidiary transferred into investment gains or losses.
Shenzhen CSG Float Glass Co., Ltd.	918,000,000	100%	Sales	April of 2014	An irrevocable equity transfer agreement is signed, with related procedures completed	311,247,064	-

(b) Gains or losses arising from disposal and related cash flow information are set out as below

(i) Shenzhen CSG Float Glass Co., Ltd.

Gains or losses arising from disposal are calculated as below:

	Amount
Consideration received from the disposal	918,000,000
Less: Net assets of Shenzhen CSG Float Glass Co., Ltd. at date of disposal	(606,752,936)
Other comprehensive income recognized in profit or loss	-
Investment gains on disposal	311,247,064

(2) Changes in the scope of consolidation due to other reasons

On 11 March 2014, the Company signed an agreement with Truly Wealth Limited to acquire its 2% shares as owned in China Southern Glass (Australia) Limited. The share transfer procedures were completed on 1 April 2014, thus the Company's shares in China Southern Glass (Australia) Limited increased to 51% from 49%, and obtained controls over the latter since the date of acquisition.

## 6. Interest in other entities

(1) Interest in subsidiaries

(a) Composition of the Group

	Major business location	Place of registration	Scope of business	Shareholding (%)	
				Direct	Indirect
Chengdu CSG Glass Co., Ltd.	Chengdu, the PRC	Chengdu, the PRC	Development, production and sales of specialized glass	75%	-
Sichuan CSG Energy Conservation	Chengdu, the PRC	Chengdu, the PRC	Development, production and sales of specialized glass and processed glass	75%	-
Tianjin Energy Conservation Glass Co. Ltd	Tianjin, the PRC	Tianjin, the PRC	Development, production and sales of specialized energy-efficient glass	75%	25%
Dongguan CSG Architectural Glass Co., Ltd.	Dongguan, the PRC	Dongguan, the PRC	Processed glass	75%	25%
Dongguan CSG Solar Glass Co., Ltd.	Dongguan, the PRC	Dongguan, the PRC	Production and sales of solar glass	75%	25%

Yichang CSG Silicon Co., Ltd.	Yichang, the PRC	Yichang, the PRC	Production and sales of silicon related materials	75%	25%
Wujiang CSG North-east Architectural Glass Co., Ltd.	Wujiang, the PRC	Wujiang, the PRC	Processed glass	75%	25%
Dongguan CSG PV-tech Co., Ltd.	Dongguan, the PRC	Dongguan, the PRC	Production and sales of solar battery and applications	99.66%	0.34%
Hebei CSG Glass Co., Ltd.	Yongqing, the PRC	Yongqing, the PRC	Production and sales of specialized glass	75%	25%
Wujiang CSG Glass Co., Ltd.	Wujiang, the PRC	Wujiang, the PRC	Production and sales of specialized glass	100%	-
China Southern Glass (Hong Kong) Limited	Hong Kong	Hong Kong	Trading and investment holding	100%	-
Hebei Sichuan Glass Co., Ltd.	Yongqing, the PRC	Yongqing, the PRC	Production and sales of ultra-thin electronic glass	100%	-
Xianning CSG Glass Co Ltd.	Xianning, the PRC	Xianning, the PRC	Production and sales of specialized glass	75%	25%
Xianning CSG Energy Conservation Glass Co Ltd.	Xianning, the PRC	Xianning, the PRC	Processed glass	75%	-
Qingyuan CSG Energy Saving New Materials Co.,Ltd	Qingyuan, the PRC	Qingyuan, the PRC	Production and sales of ultra-thin electronic glass	100%	-
China Southern Glass (Australia) Limited	Australia	Australia	Glass trading	49%	2%
Yichang CSG photoelectric Glass Co, Ltd.	Yichang, the PRC	Yichang, the PRC	Production and sales of ultra-thin electronic glass	73.58%	-
Jiangyou CSG Mining Develop Co.Ltd.	Jiangyou, the PRC	Jiangyou, the PRC	Production and sales of silica and by-products	100%	-

## (b)Subsidiaries with major minority interests

Subsidiaries	Shareholding of minority shareholders	Total profit or loss attributable to minority shareholders for the year ended 31 December 2014	Dividends distributed to minority interests for the year ended 31 December 2014	Minority interest as at 31 December 2014
Chengdu CSG Glass Co., Ltd.	25%	24,556,984	(35,401,547)	97,706,531
Sichuan CSG Energy Conservation Glass Co Ltd.	25%	24,423,679	(20,148,492)	76,406,226
Xianning CSG Energy Conservation Glass Co Ltd.	25%	15,935,158	-	71,367,864
China Southern Glass (Australia) Limited	49%	3,452,191	(812,752)	4,337,372
Yichang CSG photoelectric Glass Co, Ltd.	26.42%	(3,074,543)	-	52,487,013
Yingde Hongsheng Silica Sand Mine. Co., Ltd.	25%	818,233	-	2,581,379
		<u>66,111,702</u>	<u>(56,362,791)</u>	<u>304,886,385</u>

The major financial information of the significant non-fully-owned subsidiaries of the Group is listed below:

	31 December 2014						31 December 2013					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Chengdu CSG Glass Co., Ltd.	72,598,205	818,530,242	891,128,447	219,009,505	281,292,818	500,302,323	153,254,850	1,314,348,228	1,467,603,078	357,060,741	487,813,805	844,874,546
Sichuan CSG Energy Conservation Glass Co Ltd.	71,926,599	556,538,831	628,465,430	118,073,003	204,767,520	322,840,523	-	-	-	-	-	-
Xianning CSG Glass Co Ltd.	-	-	-	-	-	-	189,344,114	1,101,964,691	1,291,308,805	443,280,759	420,370,737	863,651,496
Xianning CSG Energy Conservation Glass Co Ltd.	80,177,475	579,883,664	660,061,139	240,732,351	133,857,295	374,589,646	-	-	-	-	-	-
Yichang CSG photoelectric Glass Co, Ltd.	39,943,879	398,767,782	438,711,661	177,328,186	62,719,660	240,047,846	19,118,549	274,320,416	293,438,965	120,418,311	42,719,660	163,137,971
Yingde Hongsheng Silica Sand Mine. Co., Ltd.	7,084,585	27,102,119	34,186,704	23,872,946	-	23,872,946	13,875,152	29,074,958	42,950,110	35,897,575	-	35,897,575
China Southern Glass (Australia) Co Ltd	17,678,078	992,581	18,670,659	9,818,877	-	9,818,877	-	-	-	-	-	-
	2014						2013					
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities			Revenue	Net profit	Total comprehensive income	Cash flows from operating activities		
Chengdu CSG Glass Co., Ltd.	849,743,395	98,227,937	98,227,937	150,778,733			1,342,125,679	222,200,154	222,200,154	398,822,562		
Sichuan CSG Energy Conservation Glass Co Ltd.	528,901,934	97,694,716	97,694,716	156,414,586			-	-	-	-		
Xianning CSG Glass Co Ltd.	692,081,745	23,635,632	23,635,632	96,533,882			360,650,554	35,973,353	35,973,353	(12,149,831)		
Xianning CSG Energy Conservation Glass Co Ltd.	281,365,538	51,130,378	51,130,378	69,840,198			-	-	-	-		
Yichang CSG photoelectric Glass Co, Ltd.	1,608,439	(11,637,179)	(11,637,179)	(5,497,914)			56,585	(3,699,006)	(3,699,006)	(10,909,761)		
Yingde Hongsheng Silica Sand Mine. Co., Ltd.	30,828,921	3,261,223	3,261,223	9,209,531			16,617,771	73,447	73,447	(445,154)		
China Southern Glass (Australia) Co Ltd	85,052,465	7,045,289	7,045,289	1,206,613			-	-	-	-		



## (2) Interest in associates

## (a) General information of significant associates

	Major business location	Place of registration	Nature of business	Whether strategic to the Group's activities	Shareholding (%)	
					Direct	Indirect
Associates-						
Shenzhen CSG Display Technology Co., Ltd.	Shenzhen, the PRC	Shenzhen, the PRC	Manufacturing	Yes	44.70%	-
					31 December 2014	31 December 2013
					Shenzhen CSG Display Technology Co., Ltd.	Shenzhen CSG Display Technology Co., Ltd.
Current assets					347,033,778	336,301,462
Non-current assets					1,430,207,838	1,309,641,511
Total assets					1,777,241,616	1,645,942,973
Current liabilities					551,890,216	511,094,400
Non-current liabilities					187,877,492	61,178,275
Total liabilities					739,767,708	572,272,675
Minority interests					-	-
Equity attributable to equity holders of the Company					1,037,473,908	1,073,670,298
Shares of net assets in proportion (i)					463,349,301	479,930,623
Adjustments						
-Goodwill					288,274,242	288,274,242
Carrying amount of investment in associates					751,623,543	768,204,865
Revenue					614,918,196	54,120,887
Net profit					20,871,310	(298,893)
Other comprehensive income					-	-
Total comprehensive income					20,871,310	(298,893)
Dividends received from associates by the Group for the current year					26,235,366	-

(b) Summarised financial information of significant joint ventures

(i) The Group calculates the shares of net assets in proportion of the shareholdings and based on the amount attributable to the parent company of the associates in their consolidated financial statements, which has taken into account the impact of both the fair value of the identifiable assets and liabilities of the associates upon the acquisition of investment and accounting policy unifying.

## **(7) Segment information**

The reportable segments of the Group are the business units that provide different products or service. Different businesses require different technologies and marketing strategies, the Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

The Group identified 3 reportable segments as follows:

- Flat glass segment, being engaged in the production and sales of float glass products and the silica for the production thereof
- Engineering glass segment, being engaged in the production and sales of engineering glass products
- Solar Energy Segment, being engaged in the production and sales of polycrystalline silicon and solar battery and applications

Inter-segment transfer prices are measured by reference to selling prices to third parties.

The assets are allocated based on the operations of the segment and the physical location of the asset. The liabilities are allocated based on the operations of the segment. Expenses indirectly attributable to each segment are allocated to the segments based on the proportion of each segment's revenue.

(a) Segment information as at and for the year ended 31 December 2014 and as at 31 December 2014 is as follows:

	Floating glass	Engineer glass	Solar energy	Others	Unallocated	Elimination	Total
Revenue from external customers	2,933,548,694	3,024,711,288	1,085,396,301	-	846,362	-	7,044,502,645
Inter-segment revenue	734,737,733	29,045,544	17,550,404	-	-	(781,333,681)	-
Interest income	534,436	841,040	167,683	578	1,657,135	-	3,200,872
Interest expenses	(60,077,966)	(23,444,007)	(21,823,898)	-	(112,339,442)	-	(217,685,313)
Investment income from associates and joint ventures	-	-	-	-	10,181,795	-	10,181,795
Asset impairment reversal	(21,482,665)	(2,049,444)	(1,735,511)	-	(2,961)	-	(25,270,581)
Depreciation and amortization expenses	(355,778,217)	(226,517,924)	(139,801,027)	-	(7,266,942)	-	(729,364,110)
Total profit / (loss)	200,612,430	608,214,797	60,784,368	(2,683)	111,273,011	2,700,566	983,582,489
Income tax expenses	33,345,752	(93,844,735)	(3,436,910)	-	20,118,136	-	(43,817,757)
Net profit / (loss)	<u>233,958,182</u>	<u>514,370,062</u>	<u>57,347,458</u>	<u>(2,683)</u>	<u>131,391,147</u>	<u>2,700,566</u>	<u>939,764,732</u>
Total assets	<u>6,636,642,993</u>	<u>3,674,868,086</u>	<u>3,859,034,314</u>	<u>212,745</u>	<u>946,050,167</u>	<u>-</u>	<u>15,116,808,305</u>
Total liabilities	<u>1,142,992,137</u>	<u>842,289,281</u>	<u>477,829,490</u>	<u>2,502,814</u>	<u>3,997,746,433</u>	<u>-</u>	<u>6,463,360,155</u>
Non-cash expenses other than depreciation and amortisation	-	-	-	-	324,568	-	324,568
Long-term equity investments in associates and joint ventures	-	-	-	-	751,623,543	-	751,623,543
Additions of non-current assets other than long-term equity investments	<u>1,000,613,512</u>	<u>372,536,444</u>	<u>542,445,604</u>	<u>-</u>	<u>75,306</u>	<u>-</u>	<u>1,915,543,533</u>



(b) Segment information as at and for the year ended 31 December 2013 and as at 31 December 2013 is as follows:

	Floating glass	Engineer glass	Fine glass	Solar energy	Others	Unallocated	Elimination	Total
Revenue from external customers	3,125,692,198	2,835,070,154	829,199,049	943,093,634	-	741,079	-	7,733,796,114
Inter-segment revenue	848,888,166	35,399,896	84,383	21,417,968	-	-	(905,790,413)	-
Interest income	1,029,406	880,616	272,744	279,329	520	2,260,554	-	4,723,169
Interest expenses	(103,662,331)	(29,136,604)	(13,065,285)	(43,858,285)	-	(42,926,973)	-	(232,649,478)
Investment income from associates and joint ventures	-	-	-	-	-	305,002	-	305,002
Asset impairment (loss)/reversal	(35,368,139)	51,572	(349,332)	(29,481,478)	-	781,149	-	(64,366,228)
Depreciation and amortization expenses	(341,076,904)	(196,175,819)	(64,613,506)	(92,358,284)	(558)	(6,104,349)	-	(700,329,420)
Total profit / (loss)	396,612,629	531,020,162	230,470,542	(17,375,281)	880,742	808,740,657	(15,170,564)	1,935,178,887
Income tax expenses	(99,327,432)	(79,880,626)	(32,596,858)	(1,963,998)	-	(46,095,576)	-	(259,864,490)
Net profit / (loss)	<u>297,285,197</u>	<u>451,139,536</u>	<u>197,873,684</u>	<u>(19,339,279)</u>	<u>880,742</u>	<u>762,645,081</u>	<u>(15,170,564)</u>	<u>1,675,314,397</u>
Total assets	<u>6,935,561,911</u>	<u>3,644,219,356</u>	<u>-</u>	<u>3,479,020,559</u>	<u>1,422,712</u>	<u>1,018,642,239</u>	<u>-</u>	<u>15,078,866,777</u>
Total liabilities	<u>1,298,439,341</u>	<u>821,941,047</u>	<u>-</u>	<u>577,424,988</u>	<u>2,852,814</u>	<u>3,977,296,005</u>	<u>-</u>	<u>6,677,954,195</u>
Non-cash expenses other than depreciation and amortisation	-	-	(692,644)	-	-	-	-	(692,644)
Long-term equity investments in associates and joint ventures	-	-	-	-	-	770,037,176	-	770,037,176
Additions of non-current assets other than long-term equity investments	<u>1,047,584,896</u>	<u>449,515,039</u>	<u>396,772,401</u>	<u>465,204,405</u>	<u>-</u>	<u>18,285,912</u>	<u>-</u>	<u>2,377,362,653</u>

The Group's revenue from external customers domestically and in foreign countries or geographical areas, and the total non-current assets other than financial assets and deferred tax assets located domestically and in foreign countries or geographical areas are as follows:

Revenue from external customers	2014	2013
Mainland	6,404,516,048	6,690,537,041
Hong Kong	33,952,873	294,007,546
Europe	132,787,154	302,596,199
Asia (other than Mainland and Hong Kong)	304,252,167	277,198,638
Australia	85,052,465	93,580,675
North America	81,199,816	55,770,796
Other region	2,742,122	20,105,219
	<u>7,044,502,645</u>	<u>7,733,796,114</u>
Total non-current assets	31 December 2014	31 December 2013
Mainland	13,501,317,408	12,455,585,431
Hong Kong	12,788,090	12,848,333
Australia	584,516	-
	<u>13,514,690,014</u>	<u>12,468,433,764</u>

The Group has a large number of customers, and no revenue from a single customer exceed 10% or more of the Group's revenue.

#### **(8) Related parties and related party transactions**

##### **(1) The parent company**

The Company regard no entity is the parent company.

##### **(2) The subsidiaries companies**

The general information and other related information of the subsidiaries is set out in Note 6.

##### **(4) Information of associates**

The general information and other related information of the associates is set out in Note 6.

(4) Related party transactions

(a) Sales and purchases of goods, provision and receipt of services

Sales of goods and rendering of services:

Related party	Nature of transaction	Pricing policies	2014		2013	
			Amount	Percentage of similar transactions	Amount	Percentage of similar transactions
Shenzhen CSG Display Technology Co., Ltd.	Sales of fine glass	Refer to market price	10,801,134	0.15%	449,514	0.01%
China South Glass (Australia) Limited	Sale of engineer glass	Refer to market price	-	-	6,397,245	0.08%

(b) Lease

The group as a lessor:

Name of lessee	Category of the leased asset	Lease income recognized in 2014	Lease income recognized in 2013
Shenzhen CSG Display Technology Co., Ltd.	Plant	912,000	912,000

(c) Remuneration of key management

	2014	2013
Payroll	6,135,800	6,688,500

## (5) Receivables from and payables to related parties

		31 December 2014		31 December 2013	
		Book value	Provision for bad debts	Book value	Provision for bad debts
Accounts receivable	Shenzhen CSG Display Technology Co., Ltd.	421,124	(8,422)	544,391	-
	China Southern Glass (Australia) Limited	-	-	3,653,741	-
		<u>421,124</u>	<u>(8,422)</u>	<u>4,198,132</u>	<u>-</u>
Other receivables	Shenzhen CSG Display Technology Co., Ltd.	-	-	20,491,742	-

## (6) Commitments in relation to related parties

The commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Group at the balance sheet date are as follows:

## Lease

		31 December 2014	31 December 2013
-Rent out	Shenzhen CSG Display Technology Co., Ltd.	3,648,000	4,560,000

## 9. Contingency

Nil.

## 10. Commitments

## (1) Capital commitments

Capital expenditures contracted for by the Group at the balance sheet date but are not yet necessary to be recognised on the balance sheet are as follows:

	31December2014	31December2013
Buildings,machineryandequipment	<u>195,050,992</u>	<u>589,482,656</u>

(2)Fulfilmentofpreviouscommitment

Thecommitmentrelatingtocapitalexpendituresandexternalinvestmentsat31December2013hasbeenfulfilledasagreed.

### 11.Discontinued operation

On 11 September 2013, the Company signed an irrevocable equity transfer agreement with a third party, Jin Shi Dai Investment (Shenzhen) Co., Limited. ("Jin Shi Dai"), to fully transfer all equities that it held in Shenzhen CSG Float Glass Co., Ltd., and such transfer was completed on 30 April 2014. Thus the control over Shenzhen CSG Float Glass Co., Ltd. was lost in that month.

The operating results of the discontinued operations above are as follows:

	2014	2013
Revenue of discontinued operations	15,302,711	1,443,179,940
Less: Costs and expenses of discontinued operations	<u>(19,613,739)</u>	<u>(1,226,087,428)</u>
Total (loss)/profit of discontinued operations	(4,311,028)	217,092,512
Less: Income taxes of discontinued operations	<u>1,077,757</u>	<u>(31,024,434)</u>
Net (loss)/profit of discontinued operations	<u>(3,233,271)</u>	<u>186,068,078</u>
Including: Net profit Attributable to equity holders of the Company	<u>(3,233,271)</u>	<u>112,812,253</u>

### 12.Events occurring after the balance sheet date

(a)Dividend distribution after the balance sheet date

	Amount
Dividend authorized to declare	<u>1,037,667,780</u>

In accordance with the resolution at the Board of Directors' meeting on 27 March 2015, the Board of Directors proposed a dividend of RMB1,037,667,780 to be paid to the shareholders, which is not recorded as liability in the financial

statements for the current year.

### 13. Financial instrument and risk

The Group's activities expose it to a variety of financial risks: market risk (primarily currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### (1) Market risk

##### (a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. However, some of the export business are settled in foreign currency. Besides, the Group is exposed to foreign exchange risk arising from the recognised assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to US dollars and Euro. 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 31 December 2014, the carrying amounts in RMB equivalent of the Group's assets and liabilities denominated in foreign currencies are summarized below:

	31 December 2014		
	USD	Others	Total
Financial assets denominated in foreign currency-			
Cash at bank and on hand	4,560,723	3,083,144	7,643,867
Receivables	24,941,950	11,789,354	36,731,304
	<u>29,502,673</u>	<u>14,872,498</u>	<u>44,375,171</u>
Financial liabilities denominated in foreign currency-			
Short-term borrowings	72,423,260	16,983,857	89,407,117
Payables	26,210,492	27,927,082	54,137,574
Current portion of non-current liabilities	6,293,514	-	6,293,514
	<u>104,927,266</u>	<u>44,910,939</u>	<u>149,838,205</u>
	31 December 2013		
	USD	Others	Total
Financial assets denominated in foreign currency			
-			

Cash at bank and on hand	14,432,704	4,532,123	18,964,827
Accounts receivable	16,420,171	1,146,757	17,566,928
	<u>30,852,875</u>	<u>5,678,880</u>	<u>36,531,755</u>
Financial liabilities denominated in foreign currency-			
Short-term borrowings	52,695,525	37,536,513	90,232,038
Accounts payable	13,140,063	23,890,708	37,030,771
Long-term borrowings	6,270,784	-	6,270,784
Current portion of non-current liabilities	71,638,575	-	71,638,575
	<u>143,744,947</u>	<u>61,427,221</u>	<u>205,172,168</u>

As at 31 December 2014, if the currency had strengthened /weakened by 10% against the USD while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB 6,411,090(31 December 2013: approximately RMB 9,595,826) higher/lower for various financial assets and liabilities denominated in USD. Other changes in exchange rate had no significant influence on the Group's operating activities.

(b)Interest rate risk

The Group's interest rate risk arises from long-term interest bearing borrowings including long-term borrowings and bonds payable. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2014, the Group's long-term interest-bearing debt at variable rates and fixed rates as illustrated below:

	31 December 2014	31 December 2013
Debt at fixed rates	1,995,783,205	1,991,041,175
Debt at variable rates	383,817,820	302,904,204
	<u>2,379,601,025</u>	<u>2,293,945,379</u>

The Group continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial position. The Group makes adjustments timely with reference to the latest market conditions, which includes increasing/decreasing long-term fixed rate debts at the anticipation of increasing/decreasing interest rate.

As at 31 December 2014, if interest rates on the floating rate borrowings had risen/fallen by 50 basis points while all other variables had been held constant, the Group's net profit would have decreased/increased by approximately RMB 1,631,226 (2013: about RMB 1,287,342).

## (2) Credit risk

Credit risk is managed on the grouping basis. Credit risk mainly arises from cash at bank, notes receivable, accounts receivable and other receivables, etc.

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties. Furthermore, as the Group's bank acceptance notes receivable are generally accepted by the state-owned banks and other large and medium listed banks, the management believes the credit risk should be limited.

In addition, the Group has policies to limit the credit exposure on accounts receivable, other receivables and trade acceptance notes receivable. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

## (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 reserve, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions 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.

As stated in Note 2(1) above, as at 31 December 2014, the Group had net current liabilities of approximately RMB 4,200,000,000 billion and committed capital expenditures of approximately RMB 176,000,000. Management will implement the following measures to ensure the liquidation risk limited to a controllable extent:

- (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;  
and
- (c) The Group will closely monitoring the payment of construction expenditure in terms of payment time and amount.

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

31 December 2014				
Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total



Short-term borrowings	2,005,285,324	-	-	-	2,005,285,324
Payables	1,185,864,836	-	-	-	1,185,864,836
Current portion of non-current liabilities	2,233,956,338	-	-	-	2,233,956,338
Long-term borrowings	22,605,105	243,563,587	162,793,358	-	428,962,050
	<u>5,447,711,603</u>	<u>243,563,587</u>	<u>162,793,358</u>	<u>-</u>	<u>5,854,068,548</u>

## 31 December 2013

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	1,442,478,875	-	-	-	1,442,478,875
Payables	1,604,631,381	-	-	-	1,604,631,381
Current portion of non-current liabilities	410,672,685	-	-	-	410,672,685
Long-term borrowings	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
	<u>3,583,162,565</u>	<u>2,213,959,153</u>	<u>218,049,563</u>	<u>6,358,322</u>	<u>6,021,529,603</u>

## (4) Fair value

## (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 in current year.

Except for financial liabilities listed below, the carrying amount of the other financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

	31 December 2014		31 December 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Current portion of bonds payable(i)	<u>1,995,783,205</u>	<u>2,002,490,000</u>	<u>1,991,041,175</u>	<u>1,985,000,000</u>

- (i) The fair value of bonds payable that are traded in an active market is determined at the quoted price in the active market.

## (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 has 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 31 December 2014, the financial assets measured at fair value by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets-				
Available-for-sale equity instruments	145,568,100	-	-	145,568,100

As at 31 December 2014, the available-for-sale equity instrument of the Group was the investment in Golden Glass(Note 4(8)), and the fair value was determined at the quoted price in the active market.

#### 14. Capital management

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern entity in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group's total capital is calculated as 'shareholder's equity' as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and is not required to monitor capital on the basis of asset-liability ratio.

As at 31 December 2014 and 2013, the Group's asset-liability ratio is as follows:

	31 December 2014	31 December 2013
Total liabilities	6,463,360,155	6,677,954,195
Total assets	15,116,808,305	15,078,866,777
Asset-liability ratio	43%	44%

**(15) Notes to the Company's financial statements****(1) Other receivables**

	31 December 2014	31 December 2013
Amounts due from related parties	3,574,439,444	3,082,033,658
Others	359,148	211,101
	<u>3,574,798,592</u>	<u>3,082,244,759</u>
Less: Provision for bad debts	(7,183)	(4,222)
	<u>3,574,791,409</u>	<u>3,082,240,537</u>

**(a) The ageing of other receivables is analysed as follows:**

	31 December 2014	31 December 2013
Within 1 year	3,574,798,592	3,082,244,759
1 to 2 years	-	-
Over 3 years	-	-
	<u>3,574,798,592</u>	<u>3,082,244,759</u>

**(b) Other receivables are analysed by category as follows:**

	31 December 2014				31 December 2013			
	Book value		Provision for bad debts		Book value		Provision for bad debts	
	Amount	% of total balance	Provision for bad debts	Percentage	Amount	% of total balance	Provision for bad debts	Percentage
Amounts that are individually significant and with specific provision for bad debts	-	-	-	-	-	-	-	-
Amounts that are not individually significant but with specific provision for bad debts	-	-	-	-	-	-	-	-
Provided for bad debts by portfolio								
- Related party	3,574,439,444	100%	-	-	3,082,033,658	100%	-	-
- Non-related parties	359,148	0%	(7,183)	2%	211,101	0%	(4,222)	2%
	<u>3,574,798,592</u>	<u>100%</u>	<u>(7,183)</u>	<u>0.00%</u>	<u>3,082,244,759</u>	<u>100%</u>	<u>(4,222)</u>	<u>0%</u>

(c) For other receivable provided for bad debts by portfolio, the percentage of provision for the portfolio is as follows

	31 December 2014			31 December 2013		
	Book value	Provision for bad debts		Book value	Provision for bad debts	
	Amount	Amount	Percentages	Amount	Amount	Percentages
-Related party	3,574,439,444	-	-	3,082,033,658	-	-
- Non-related parties	359,148	(7,183)	2%	211,101	(4,222)	2%
	<u>3,574,798,592</u>	<u>(7,183)</u>	<u>0%</u>	<u>3,082,244,759</u>	<u>(4,222)</u>	<u>0%</u>

(d)As at 31 December 2014, the top 5 largest other receivables are analysed by debtor as follows:

	Relationship with the Group	Amount	Aging	% of total balance
Yichang CSG Silicon Co., Ltd.	Subsidiaries	1,484,307,915	Within 1 year	42%
Wujiang CSG Glass Co., Ltd.	Subsidiaries	680,664,193	Within 1 year	19%
Dongguan CSG PV-tech Co., Ltd.	Subsidiaries	203,523,677	Within 1 year	6%
Dongguan CSG Solar Glass Co., Ltd.	Subsidiaries	189,487,185	Within 1 year	5%
Hebei CSG Glass Co., Ltd.	Subsidiaries	187,078,813	Within 1 year	5%
		<u>2,745,061,783</u>		<u>77%</u>

(2)Long-term equity investments

	31 December 2014	31 December 2013
Subsidiaries(a)	4,387,840,415	4,705,853,218
Associates - without quoted price (b)	360,210,315	315,767,981
Less: Impairment provision for investments in subsidiaries(a)	(15,000,000)	(55,000,000)
	<u>4,733,050,730</u>	<u>4,966,621,199</u>

There is no significant restriction on sale of the long-term equity investments held by the Company.

## (a) Subsidiaries

	Movements for the year ended 31 December 2014						Cash dividends
	31 December 2013	Additional		Provision for		31 December 2014	
Shenzhen CSG Flat Glass Co., Ltd.	714,685,256	-	-	-	(714,685,256)	-	-
Chengdu CSG Glass Co., Ltd.	76,674,071	-	-	-	-	76,674,071	106,204,641
Sichuan CSG Energy Conservation Glass Co. Ltd.	40,290,583	75,000,000	-	-	-	115,290,583	60,445,475
Tianjin Energy Conservation Glass Co., Ltd.	242,902,974	-	-	-	-	242,902,974	79,465,910
Dongguan CSG Architectural Glass Co., Ltd.	193,618,971	-	-	-	-	193,618,971	73,052,140
Donnguan CSG Solar Glass Co., Ltd.	300,401,145	49,045,681	-	-	-	349,446,826	-
Yichang CSG Silicon Co., Ltd.	577,043,114	55,914,930	-	-	-	632,958,044	-
Yichang CSG photoelectric Glass Co., Ltd.	98,597,200	58,864,000	-	-	-	157,461,200	-
Wujiang CSG North-east Architectural Glass Co., Ltd.	251,313,658	-	-	-	-	251,313,658	76,469,129
Donnguan CSG PV-tech Co., Ltd.	308,122,789	-	-	-	-	308,122,789	37,134,660
Hebei CSG Glass Co., Ltd.	261,998,368	-	-	-	-	261,998,368	32,523,071
China Southern Glass (Hong Kong) Limited	85,742,211	-	-	-	-	85,742,211	-
Wuliang CSG Glass Co., Ltd.	462,179,564	100,000,000	-	-	-	562,179,564	-
Hebei Sichuan Glass Co., Ltd.	243,062,801	-	-	-	-	243,062,801	32,501,190
China Southern Glass (Australia) Limited	-	-	-	-	1,393,524	1,393,524	-
Jiangsu CSG Mining Develop Co., Ltd.	40,725,041	60,000,000	-	-	-	100,725,041	-
Xianning CSG Glass Co., Ltd.	177,041,818	-	-	-	-	177,041,818	-
Xianning CSG Energy Conservation Glass Co. Ltd.	123,781,576	37,500,000	-	-	-	161,281,576	-
Qingyuan CSG energy saving new materials Co., Ltd.	300,185,609	-	-	-	-	300,185,609	-
Others (iii)	207,486,467	-	-	-	(41,045,682)	166,440,785	(15,000,000)
	<u>4,705,853,218</u>	<u>436,324,611</u>	<u>-</u>	<u>-</u>	<u>(754,337,414)</u>	<u>4,387,840,415</u>	<u>(15,000,000)</u>
							<u>497,706,216</u>

(i) As at 31 December 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 services provided to the subsidiaries for which the Company did not charge the subsidiaries. (31 December 2013: RMB 112,679,926).

(ii) Others mainly included subsidiaries which were registered in Shenzhen but the production lines had been moved to Dongguan. The operations of the subsidiaries have basically discontinued. The Company has made provision against the long term investment in these subsidiaries based on their recoverable amount in previous years.

### (b) Associates

		Movements for the year ended 31 December 2014							
		31 December	Additional	Decrease in	Share of net	Share of other	Cash dividend	Provision	31 December
		2013	investment	investment	profit/(loss) under	changes in	declared	Provision for	2014
					equity method	equity		impairment loss	Others
Shenzhen	CSG								
Display									
Technology Co.,									
Ltd.		313,935,670	-	-	71,783,908	726,103	(26,235,366)	-	-
China	Southern								
Glass (Australia)									
Limited		1,832,311	-	-	852,319	-	(1,290,925)	-	(1,393,705)
		<u>315,767,981</u>	<u>-</u>	<u>-</u>	<u>72,636,227</u>	<u>726,103</u>	<u>(27,526,291)</u>	<u>-</u>	<u>(1,393,705)</u>
									<u>360,210,315</u>

		Method	Shareholding (%)	Voting rights (%)	The description if the shareholding are not equal to the voting right	Provision for impairment loss	Provision accrued in current year
Shenzhen	CSG						
Display							
Technology Co.,							
Ltd.		Equity method	44.70%	44.70%	Nil	-	-

### (3) Long-term receivables

	31 December 2014	31 December 2013
Corporate bonds allocated to subsidiaries	1,411,290,000	1,571,900,000
Substantive long-term investment in subsidiaries	170,000,000	302,782,265
Trust loan to subsidiaries	55,000,000	120,000,000
	<u>1,636,290,000</u>	<u>1,994,682,265</u>
Less: Provisions for impairment	-	(40,936,482)
	<u>1,636,290,000</u>	<u>1,953,745,783</u>

	31 December 2013	Movements for current year	31 December 2014	Provision for impairment loss	Current year writeoff impairment loss
Chengdu CSG Glass Co., Ltd.	280,000,000	-	280,000,000	-	-
Sichuan CSG Energy Conservation Glass Co Ltd.	189,330,000	-	189,330,000	-	-
Dongguan CSG PV-tech Co., Ltd.	340,210,000	(120,000,000)	220,210,000	-	-
Yichang CSG Silicon Co., Ltd.	244,960,000	-	244,960,000	-	-
Dongguan CSG Architectural Glass Co., Ltd.	219,670,000	-	219,670,000	-	-
Shenzhen CSG Float Glass Co., Ltd.	216,000,000	(216,000,000)	-	-	-
Wujiang CSG Glass Co., Ltd.	200,000,000	-	200,000,000	-	-
Dongguan CSG Solar Glass Co., Ltd.	147,560,000	-	147,560,000	-	-
Wujiang CSG North-east Architectural Glass Co., Ltd.	75,898,262	(36,118,262)	39,780,000	-	-
Qingyuan CSG energy saving new materials Co.,Ltd.	-	55,000,000	55,000,000	-	-
Others	81,054,003	(41,274,003)	39,780,000	-	40,936,482
	<u>1,994,682,265</u>	<u>(358,392,265)</u>	<u>1,636,290,000</u>	<u>-</u>	<u>40,936,482</u>

## (4)Other payables

	31 December 2014	31 December 2013
Subsidiaries	243,551,425	378,952,280
Advance received for dispose of a subsidiary	-	450,000,000
Others	27,363,647	892,508
	<u>270,915,072</u>	<u>829,844,788</u>

## (5)Investment income

	2014	2013
Gain from long-term equity investment under cost method	497,796,216	453,747,129
Gain from long-term equity investment under equity method	72,636,227	97,355,619
Investment income on disposal of equity interest	203,834,506	475,884,759
Cash dividends from available-for-sale financial assets investment	82,653	331,344
	<u>774,349,602</u>	<u>1,027,318,851</u>

Significant restrictions on repatriation of investment income do not exist.

**CSG HOLDING CO., LTD.****Supplemental information**

(All amounts are stated in RMB Yuan unless otherwise stated)

**1. Breakdown of non-recurring gains and losses**

	2014	2013
Gains and losses of disposal of non-current asset	17,722,782	136,459,236
Income from insurance indemnities	-	(72,000,000)
Government subsidy recognised as gains and losses	(90,223,936)	(115,138,161)
Cash dividends from available-for-sale financial assets investment	(98,640)	(432,000)
Gain from disposal of available for sales financial assets	(6,912,150)	-
Gains on disposal of long-term equity investment	(311,247,064)	(926,639,137)
Other non-operating income or expenses	(14,816,694)	(13,892,326)
Adjustment in income tax expenses in prior years(i)	(77,854,087)	-
	<u>(483,429,789)</u>	<u>(991,642,388)</u>
Effect of corporate income tax	20,318,806	48,004,628
Effect of minority interest (after tax)	28,347,800	13,674,996
Total non-recurring gains and losses	<u>(434,763,183)</u>	<u>(929,962,764)</u>

i. In 2011 and 2012, Chengdu CSG Glass Co., Ltd. applied to pay income tax at a preferential rate of 15% as stipulated in west development policies in encouraging the enterprises, but the tax authority made no approval thereof, so Chengdu CSG Glass Co., Ltd. paid income tax at a rate of 25% in 2011, 2012 and 2013. Tax authority granted a preferential rate of 15% when 2013 filling was completed in May of 2015.

*Catalogue of Industries Encouraged to Develop in the Western Region* as published by State Development and Reform Commission took effect in 1 October 2014. Catalogue of Industries Encouraged includes *Catalogue of Advantaged Industries for Foreign Investment in Mid-west China* (2013 amendment), and glass enterprise is included into the advances industries in catalogue of industries of Sichuan. Therefore, income tax expenses were adjusted down.

(1) The basis of preparation of breakdown of non-recurring gains and losses

According to the Q&A on Disclosure of Information by Public Companies No1-Extraordinary gains and losses [2008], extraordinary gains and losses are the gains and losses which are resulted from transactions/events. These transactions / events are not incurred by the operation of the entity. In addition, although these affairs are incurred by the operation, the amounts or the frequency of such transactions/events will lead to a misleading presentation of the normal performance and profitability of the operation of the entity.



## 2. Return on equity and earnings per share

	Weighted average		Earnings per share			
	ROE (%)		Basic earnings per share		Diluted earnings per share	
	2014	2013	2014	2013	2014	2013
Net profit attributable to common stock shareholders	10.61%	20.52%	0.42	0.74	0.42	0.74
Net profit less non-recurring gains and losses attributable to common stock shareholders	5.33%	8.10%	0.26	0.29	0.26	0.29

## 3. Supplementary information about changes in accounting policies

The Group changed related accounting policies and made retrospective reinstatement (please see Note 2(29)) based on CAS 2 "Long-Term Equity Investments" and 7 other standards as issued by Ministry of Finance of the PRC in 2014, and, at the same time, presented the consolidated and company balance sheet as at 1 January 2013.

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

- I. Text of the 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. Original of the Auditors' Report carrying the seal of PricewaterhouseCoopers Zhongtian LLP and the signatures and seals of the certified public accountants;
- IV. All texts of the Company's documents and original public notices disclosed in the website and papers appointed by CSRC in the report period.

**Board of Directors of  
CSG Holding Co., Ltd.  
31 March 2015**