

Stock code: 000012; 200012;  
112022;

Short form of the stock: CSG A; CSG B  
10 CSG 02

Notice No.: 2017-055

**CSG HOLDING CO., LTD.**

**SUMMARY OF SEMI-ANNUAL REPORT 2017**



Chairman of the Board:

Chen Lin

August 2017

# SUMMARY of SEMI-ANNUAL REPORT 2017

## I. Important notice

The summary of semi-annual report is excerpted from the full text of the semi-annual report. In order to fully understand the Company's operating achievements, financial standing and future development planning, investors should carefully read the full text of the semi-annual report announced on the media designated by CSRC.

All directors were present the meeting of the Board for deliberating the semi-annual report of the Company in person.

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.

Notice of non-standard audit opinion

Applicable Not applicable

Plans of profit distribution and share converted from capital reserve in the report period which was deliberated by the Board

Applicable Not applicable

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

Profit distribution plan of preferred shares in the report period which was approved by the Board

Applicable Not applicable

## II. The basic information of the Company

### 1. Company profile

Short form for share	Southern Glass A、Southern Glass B	Code for share	000012、200012
Listing stock exchange	Shenzhen Stock Exchange		
Person/Way to contact	Secretary of the Board	Representative of security affairs	
Name	Yang Xinyu		
Contact address	CSG Building, No.1 of the 6th Industrial Road, Shekou, Shenzhen, P. R.C.		
Tel.	(86)755-26860666		
E-mail	securities@csgholding.com		

### 2. Main accounting data and financial indexes

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

Yes No

	The report period (Jan. to Jun.2017)	The same period of last year	Increase/decrease year-on-year (%)
Operating income (RMB)	4,944,337,861	4,228,165,642	16.94%
Net profit attributable to shareholders of the listed company(RMB)	392,992,163	466,883,254	-15.83%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	360,945,244	423,523,383	-14.78%
Net cash flow arising from operating activities(RMB)	1,019,889,454	1,046,720,349	-2.56%
Basic earnings per share (RMB/Share)	0.19	0.22	-13.64%
Diluted earnings per share (RMB/Share)	0.19	0.22	-13.64%
Weighted average ROE (%)	4.94%	5.99%	Decreased by 1.05 percentage points

	End of this period	End of last year	Increase/decrease in this period-end over that of last year-end (%)
Total assets (RMB)	17,930,281,613	16,979,235,630	5.60%
Net assets attributable to shareholder of listed company (RMB)	8,083,359,314	7,812,335,004	3.47%

### 3. Amount of shareholders of the Company and particulars about shareholding

Unit: share

Full name of Shareholders	Nature of shareholder	Proportion of shares held (%)	Total shares held at the end of report period	Changes in report period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							Share status	Amount
Foresea Life Insurance Co., Ltd. – Haili Niannian	Domestic non state-owned legal person	15.45%	320,595,892	0		320,595,892		
Foresea Life Insurance Co., Ltd. – Universal Insurance Products	Domestic non state-owned legal person	3.92%	81,405,744	0		81,405,744		
Shenzhen Jushenghua Co., Ltd.	Domestic non state-owned legal person	2.87%	59,552,120	0		59,552,120	pledged	59,552,100
Foresea Life Insurance Co., Ltd. – Own Fund	Domestic non state-owned legal person	2.15%	44,519,788	0		44,519,788		
Central Huijin Asset Management Ltd.	State-owned legal person	1.92%	39,811,300	0		39,811,300		
China North Industries Corporation	State-owned legal person	1.39%	28,800,000	0		28,800,000		
China Galaxy International Securities (Hong Kong) Co., Limited	Foreign legal person	1.35%	27,992,212	-700,000		27,992,212		
China Merchants Securities (HK) Co., Limited	State-owned legal person	1.10%	22,817,998	-7,299,057		22,817,998		
Shenzhen International Holdings (SZ) Limited	Domestic non state-owned legal person	0.96%	20,000,000	0		20,000,000		
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.64%	13,280,792	0		13,280,792		
Statement on associated relationship or consistent action among the above shareholders:	Among shareholders as listed above, Foresea Life Insurance Co., Ltd.-Haili Niannian, Foresea Life Insurance Co., Ltd.-Universal Insurance Products, Foresea Life Insurance Co., Ltd.-Own Fund are all held by Foresea Life Insurance Co., Ltd. Shenzhen Jushenghua Co., Ltd. is a related legal person of Foresea Life Insurance Co., Ltd. and Chengtai Group Co., Ltd., another related legal person of Foresea Life Insurance Co., Ltd, which held 27,625,299 shares via China Galaxy International Securities (Hong Kong) Co., Limited. Except for the above-mentioned shareholders, It is unknown whether other shareholders belong to related party or have associated relationship regulated by the Management Regulation of Information Disclosure on Change of Shareholding for Listed Companies.							
Explanation on shareholders involving margin business (if applicable)	N/A							

#### 4. Changes of controlling shareholder or actual controller

Changes of controlling shareholder in the report period

Applicable Not applicable

There was no change of controlling shareholder in the report period.

Changes of actual controller in the report period

Applicable Not applicable

There was no change of actual controller in the report period.

#### 5. The total number of shareholders of the Company's preferred shares and the shareholding of the top 10 preferred shareholders

Applicable Not applicable

There were no preferred shares held by shareholders in the report period.

#### 6. Corporate Bonds

Whether the Company had corporate bonds publicly issued and listed on the stock exchange which hadn't matured or fully paid until the approval day of the semi-annual report

Yes

##### (1) The basic information of corporate bonds

Name	Short name	Bond code	Maturity date	Bond balance (RMB 0,000)	Interest rate
Corporate bond in 2010 of CSG	10 CSG 02	112022	2017-10-20	100,000	5.33%

##### (2) Financial indicators as of the end of the report period

RMB 0,000

Item	End of this period	End of last year	Increase/decrease in this period-end over that of last year-end (%)
Assets liabilities ratio	53%	52%	1%
	The report period (Jan. to Jun.2017)	The same period of last year	Increase/decrease year-on-year (%)
Interest coverage ratio of EBITDA	7.15	8.21	-12.91%

### III. Performance Discussion and Analysis

#### 1. Brief introduction to operation situation in the report period

Whether the Company needs to comply with the disclosure requirements of specific industries

No

In the first half year of 2017, the global economic situation was turbulent, the recovery of the main economies remained weak, and risk events occurred frequently. The FED increasing interest rates intensified the uncertainty of global economy. Under the background of a slowdown in the global economic growth and increasing uncertainty, along with China's economy structure adjustment being further strengthened, industrial enterprises achieved profit growth, the measure of "Removing Excess Capacity" achieved initial success, and the overall economy achieved a steady growth.

In the first half of 2017, CSG faced tremendous internal and external pressure, but under the leadership of the new management, the business units advanced steadily in production and operation, seizing the favorable market opportunities while challenging the

adverse market difficulties, and overfulfilled the business tasks of the first half of the year by improving internal efficiency, tapping potentiality and increasing efficiency. In the first half year, the Company realized operating revenue of RMB 4,944 million, with a year-on-year increase of RMB 716 million or 16.94%. The net profit was RMB 400 million, with a year-on-year decrease of RMB 65 million or 13.99%. And the net profit after deducting non-recurring gains and losses was RMB 361 million, with a year-on-year decrease of RMB 63 million or 14.78%. Details of the production and operation of the Company were as follows:

### (I) Glass industry

In which, the net profit of float glass was historically high. Affected by the national macro-control and environmental policy, float glass prices stayed at a high level which has continued until the present day from the second half of last year. To take advantage of the opportunity, the Company took measures of improving capacity, strengthening internal management, tapping potential and increasing efficiency, promoting the differentiation of glass products and other measures to ensure the greatest achievement in the favorable market timing.

The price of solar glass declined affected by the photovoltaic industry, which brought specified pressure to the management of the Company. The Company actively developed new products, especially the market layout of thin glass and Double Glazed Glass Panel, to resist the impact of falling prices on profits.

As architectural glass was enduring enormous pressure due to overall real estate investment growth slowing down, the Company adopted various measures to expand sales volume for increasing its operating income. But affected by regulation and control policies of upstream property industry, real estate developers generally implemented cost compression policies, together with the price rise of raw float glass, which resulted in a decrease in profits. The Company took active measures to respond to the matter mentioned above, including improving internal efficiency, tapping potential and increasing efficiency, being proactive in the external market to seize more orders, layout of the housing market as well as promoting new products, to reduce the pressure on rising costs.

### (II) Solar energy industry

After offset of consolidation in the first half year of 2017, solar energy industry realized operating revenue of RMB 1,388 million, with a year-on-year increase of 9.74%. The net profit was RMB 106 million, with a year-on-year decrease of 46.74%.

In the first half of 2016, affected by "Expedited Installation by June 30", the overall market of PV industry was rising rapidly. After entering the second half year, as expedited installation subsided, the price showed a downward trend. The Company took measures of technological transformation, improving production capacity, improving efficiency, tapping potential and increasing efficiency and other measures to make up for the impact of price decline on its profits.

At the end of 2015, the Group established Shenzhen CSG PV Energy Co., Ltd. to develop PV power station and further improve solar energy industrial chain (silicon material-silicon wafer- solar cell - module -PV power station). The Company is actively promoting PV building integration project, currently focusing on market cultivation and customer development, and has initially reached a strategic cooperation agreement with some well-known property developers. The development of PV power station business will bring new income and profit growth point, and further improve the competitiveness of the Group in solar energy industry.

### (III) Electronic glass and display

After offset of consolidation in the first half year of 2017, electronic glass and display division realized operating revenue of RMB 367 million, with a year-on-year increase of RMB 277 million or 307.63%. The net profit was RMB 22.07 million, with a year-on-year increase of RMB 25.47 million.

The Group further defined the product business positioning and technical route. Facing market opportunity, the Group gradually occupied mobile toughened coated glass market through continuous technical improvement and reform and quality improvement. At the same time, along with the commercial operation of Qingyuan high aluminum ultra-thin glass production line and gradual improvement of product quality, the productivity and product line of the Group in the field of electronic glass will be further improved and enriched, and preliminarily set up national strategic layout. At present, the construction of Xianning ultra-high aluminum ultra-thin glass production line is proceeding smoothly. Civil works, craftwork and equipment installation are going according to plan. Up until now, the project has entered the final stage and it will be ignited and enter into trial production within this year.

## 2. Matters relevant to financial report

### (1) Particulars about the change of accounting policy, accounting estimate and accounting method compared with the annual financial report of last year

Applicable    Not applicable

The Ministry of Finance promulgated the revised Accounting Standard for Business Enterprises No. 16 - Government Grants on May 10, 2017. The Company has adopted the above guidelines to prepare the semi-annual financial statements for 2017. It had no effect on the Group's consolidated balance sheet and the Company's balance sheet as at 31 December 2016 and the consolidation and the Company's income statement for the six months ended 30 June 2016.

### (2) Particulars about retroactive adjustment or re-statement on major accounting error correction

Applicable    Not applicable

There was no retroactive adjustment or re-statement on major accounting error correction in the report period.

**(3)Particulars about the change of consolidation range compared with the annual financial report of last year**

Applicable    Not applicable

The new subsidiary included in the consolidation scope in the period was Zhijiang CSG PV New Energy Co., Ltd.

**Board of Directors of  
CSG Holding Co., Ltd.  
22 August 2017**