

CSG HOLDING CO., LTD.

THE THIRD QUARTER REPORT 2019



Chairman of the Board:
CHEN LIN

October 2019

Section I. Important Notice

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.

All directors were present at the meeting of the Board for deliberating the Third Quarter Report of 2019 of the Company in person.

Ms. Chen Lin, Chairman of the Board, Mr. Wang Jian, responsible person in charge of accounting and Ms. Wang Wenxin, principal of the financial department (accounting officer) confirm that the Financial Report enclosed in the Third Quarter Report of 2019 of the Company is true, accurate and complete.

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.

Section II. The Basic Information of the Company

I. Main accounting data and financial indices

Whether retrospective adjustment has been carried out on financial reports of previous periods or not

Yes No

	The end of the report period	The end of the previous year	Increase/decrease in comparison with the end of the previous year	
Total assets (RMB)	18,422,844,539	19,114,234,184	-3.62%	
Net assets attributable to shareholders of the Company (RMB)	9,546,827,355	9,103,154,571	4.87%	
	The report period	Increase/decrease in comparison with the same period of the previous year	From 1 January to 30 September 2019	Increase/decrease in comparison with the same period of 2018
Operating income (RMB)	2,773,417,909	3.46%	7,661,655,487	-6.01%
Net profit attributable to shareholders of the listed company (RMB)	166,970,717	43.59%	544,313,118	16.03%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	135,913,151	57.67%	419,852,595	0.05%
Net cash flow arising from operating activities (RMB)	--	--	1,508,389,800	6.92%
Basic earnings per share (RMB/Share)	0.06	50%	0.18	12.50%
Diluted earnings per share (RMB/Share)	0.05	25%	0.17	13.33%
Weighted average ROE	1.77%	0.43%	5.84%	0.45%

Items and amounts of extraordinary profit (gains)/loss

Applicable Not applicable

Unit: RMB

Item	Amount from the beginning of year to the end of the report period	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	118,401	
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)	143,444,934	

Profits and losses from external entrusted loans	6,615,566	
Other non-operating income and expenditure except for the aforementioned items	-998,605	
Less: Impact on income tax	20,592,883	
Impact on minority shareholders' equity (post-tax)	4,126,890	
Total	124,460,523	--

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

It did not exist that the items were defined as recurring profit (gain)/loss according to the definition or the list 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* in the report period.

II. Total of shareholders at the end of the report period and particulars about shareholdings of the top ten shareholders

1. Particulars about the total number of common shareholders and preference shareholders with voting rights recovered as well as the shareholdings of the top ten shareholders

Unit: Share

Total number of common shareholders at the end of the report period	145,442	Total number of preference shareholders with voting rights recovered at end of report period (if applicable)	0			
Particulars about the shareholdings of the top ten shareholders						
Name of shareholder	Nature of shareholder	Proportion of shares held (%)	Amount of shares held	Amount of restricted shares held	Number of share pledged/frozen	
					Share status	Amount
Foresea Life Insurance Co., Ltd. – Haili Niannian	Domestic non state-owned legal person	15.01%	466,386,874	0		
Foresea Life Insurance Co., Ltd. – Universal Insurance Products	Domestic non state-owned legal person	3.81%	118,425,007	0		
Shenzhen Jushenghua Co., Ltd.	Domestic non state-owned legal person	2.79%	86,633,447	0	Pledged	69,300,000
Foresea Life Insurance Co., Ltd. – Own Fund	Domestic non state-owned legal person	2.08%	64,765,161	0		
Central Huijin Asset Management Ltd.	State-owned legal person	1.86%	57,915,488	0		
China Galaxy International Securities (Hong Kong) Co., Limited	Foreign legal person	1.34%	41,544,370	0		

UBS AG	Foreign legal person	1.18%	36,575,937	0	
China Merchants Securities (HK) Co., Limited	State-owned legal person	1.05%	32,516,355	0	
Shenzhen International Holdings (SZ) Limited	State-owned legal person	0.94%	29,095,000	0	
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.62%	19,320,233	0	
Particulars about top ten shareholders with unrestricted shares held					
Name of shareholder	Amount of unrestricted shares held	Type of shares			
		Type	Amount		
Foresea Life Insurance Co., Ltd. – Haili Niannian	466,386,874	RMB ordinary shares	466,386,874		
Foresea Life Insurance Co., Ltd. – Universal Insurance Products	118,425,007	RMB ordinary shares	118,425,007		
Shenzhen Jushenghua Co., Ltd.	86,633,447	RMB ordinary shares	86,633,447		
Foresea Life Insurance Co., Ltd. – Own Fund	64,765,161	RMB ordinary shares	64,765,161		
Central Huijin Asset Management Ltd.	57,915,488	RMB ordinary shares	57,915,488		
China Galaxy International Securities (Hong Kong) Co., Limited	41,544,370	Domestically listed foreign shares	41,544,370		
UBS AG	36,575,937	RMB ordinary shares	36,575,937		
China Merchants Securities (HK) Co., Limited	32,516,355	Domestically listed foreign shares	32,516,355		
Shenzhen International Holdings (SZ) Limited	29,095,000	RMB ordinary shares	29,095,000		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	19,320,233	Domestically listed foreign shares	19,320,233		
Statement on associated relationship or consistent action among the above shareholders:	<p>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 40,187,904 shares via China Galaxy International Securities (Hong Kong) Co., Limited.</p> <p>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.</p>				
Explanation on shareholders involving margin business (if applicable)	N/A				

Whether the top ten shareholders or top ten shareholders with unrestricted shares carried out buy back deals in the report period

Yes No

There were no buy back deals carried out by the top ten shareholders or top ten shareholders with unrestricted shares held in the report period.

2. Total number of preference shareholders and particulars about the shareholdings of the top ten preference shareholders

Applicable Not applicable

Section III. Important events

I. Particulars and explanations about significant changes in main accounting statements and financial indices

√Applicable □Not applicable

Unit: RMB'0,000

Item of balance sheet	Note	30 September 2019	31 December 2018	Increased/Decreased amount	Rate
Notes receivable	(1)	49,176	71,938	-22,762	-32%
Accounts receivable	(2)	78,185	59,223	18,962	32%
Inventories	(3)	81,431	60,014	21,417	36%
Assets held for sale	(4)	-	4,598	-4,598	-100%
Other non-current assets	(5)	9,013	5,683	3,330	59%
Notes payable	(6)	19,145	10,515	8,630	82%
Advance receipts	(7)	26,818	20,663	6,155	30%
Other payables	(8)	30,946	55,275	-24,329	-44%
Non-current liabilities due within one year	(9)	167,581	81,945	85,636	105%
Long-term borrowings	(10)	108,040	231,570	-123,530	-53%
Long-term payables	(11)	19,054	52,991	-33,937	-64%
Deferred income tax liabilities	(12)	3,307	2,212	1,095	50%
Capital reserve	(13)	73,051	109,534	-36,483	-33%
Treasury stocks	(14)	12,232	27,718	-15,486	-56%
Special reserve	(15)	971	607	364	60%
Other comprehensive income	(16)	706	508	198	39%

Item of income statement	Note	From January to September 2019	From January to September 2018	Increased/Decreased amount	Rate
Credit impairment loss	(17)	-354	-555	201	-36%
Asset impairment loss	(18)	-13,533	-	-13,533	
Income from asset disposal	(19)	12	-46	58	
Other income	(20)	14,344	5,476	8,868	162%
Non-operating expenses	(21)	746	149	597	401%
Net amount of other comprehensive income after tax	(22)	198	316	-118	-37%

Note:

- (1) The decrease in notes receivable was mainly due to the discounted bills of some subsidiaries.
- (2) The increase in accounts receivable was mainly due to the increase in revenue of the glass industry.
- (3) The increase in inventories was mainly due to the increase in production capacity and strategic reserves of some subsidiaries.
- (4) The decrease in assets held for sale was mainly due to the disposal of assets held for sale.
- (5) The increase in other non-current assets was mainly due to the increase in prepaid projects and equipment.
- (6) The increase in notes payable was mainly due to the slight increase in new notes issued by some companies in the current period.
- (7) The increase in advance receipts was mainly due to the increase in advance receipts from the glass industry.
- (8) The decrease in other payables was mainly due to the repurchase of restricted stocks.
- (9) The increase in non-current liabilities due within one year was mainly due to the transfer of medium-term notes to non-current liabilities due within one year.
- (10) The decrease in long-term borrowings was mainly due to the transfer of medium-term notes to non-current liabilities due within one year.
- (11) The decrease in long-term payables was mainly due to the repayment of financing leases during the period.
- (12) The increase in deferred income tax liabilities was mainly due to the increase in deferred income tax liabilities of certain subsidiaries.
- (13) The decrease in capital reserve was mainly due to the transfer of capital reserve into share capital and repurchase of restricted stocks during the period.
- (14) The decrease in treasury stocks was mainly due to the repurchase of restricted stocks.
- (15) The increase in special reserve was mainly due to the increase in investment in safety production during the period.
- (16) The increase in other comprehensive income was mainly due to the change in the translation difference of foreign currency statements.
- (17) The decrease in credit impairment loss was mainly due to the decrease in provision for bad debts of some subsidiaries.
- (18) The increase in asset impairment loss was mainly due to the provision for impairment of fixed assets and construction in progress during the period.
- (19) The increase in income from asset disposal was mainly due to the disposal of non-current assets.
- (20) The increase in other income was mainly due to the increase in amortization of government grants during the period.
- (21) The increase in non-operating expenses was mainly due to the increase in compensation and donation expenses.
- (22) The decrease in net amount of other comprehensive income after tax was mainly due to changes in the translation differences in foreign currency statements.

II. The progress of material events and the impact as well as the analysis of solutions

√Applicable □ Not applicable

1. Short-term Financing Bills

On Dec. 14, 2016, the second extraordinary shareholders' general meeting of 2016 of CSG deliberated and approved the proposal of the offering and registration of short-term financing bills, and agreed the Company's registration and issuance of short-term financing bills with a total amount of RMB 2.7 billion, which could be issued by stages within period of validity of the registration according to the Company's actual demands for funds and the status of inter-bank funds. However, the term of each issue shall not be longer than one year and the registered quota shall not exceed 40 percent of the Company's net assets.

2. Ultra-short-term financing bills

On May 14, 2018, the Company's 2017 annual shareholders' meeting deliberated and approved the resolution on the application for registration and issuance of ultra-short-term financing bills. It agreed that the Company should register and issue ultra-short-term financing bills with a registered amount not exceeding RMB 4 billion yuan (not subject to the restriction that the amount of ultra-short-term issued shall not exceed 40% of net assets). With the period of validity of the quota not longer than two years, such ultra-short-term financing bills will be issued by installments in accordance with the actual capital needs of the Company and the situation of inter-bank market funds. On Sep. 17, 2018, the Chinese Association of Interbank Market Traders held its 63rd registration meeting in 2018, and decided to approve the registration of the ultra-short-term financing bills with a total amount of 1.5 billion yuan and a validity period of two years. The ultra-short-term financing bills are underwritten jointly by Minsheng Bank of China Limited and Industrial Bank Co., Ltd, and can be issued by installments within the validity period of registration.

3. Perpetual bonds

On April 15, 2016, the Shareholders' General Meeting 2015 of CSG deliberated and approved the proposal of application for registration and issuance of perpetual bonds, and agreed the Company to register and issue perpetual bonds with total amount of RMB 3.1 billion which could be issued by stages within period of validity of the registration according to the Company's actual demand for funds and the capital status of inter-bank market.

4. Medium-term notes

On 10 December 2014, the First Extraordinary Shareholders' General Meeting 2014 of CSG Holding Co., Ltd deliberated and approved the proposal of application for registration and issuance of medium-term notes with total amount of RMB 1.2 billion at most. On 21 May 2015, National Association of Financial Market Institutional Investors (NAFMII) held the 32nd registration meeting of 2015, in which NAFMII decided to accept the registration of the Company's medium-term notes, amounting to RMB 1.2 billion and valid for two years. China Merchants Bank Co., Ltd. and Shanghai Pudong Development Bank Co., Ltd. were joint lead underwriters of these medium term notes which could be issued by stages within period of validity of the registration on Jul. 14, 2015, the Company issued the first batch of medium term notes with total amount of RMB 1.2 billion and valid term of 5 years at the issuance rate of 4.94%, which will be redeemed on 14 July 2020.

On April 15, 2016, the Shareholders' General Meeting of 2015 of CSG deliberated and approved the proposal of application for registration and issuance of medium-term notes with total amount of RMB 0.8 billion, which could be issued by stages within period of validity of the registration according to the Company's actual demands for funds and the status of inter-bank funds. On 2 March 2018, National Association of Financial Market Institutional Investors (NAFMII) held the 14th registration meeting of 2018, in which NAFMII decided to accept the registration of the Company's medium-term notes, amounting to RMB 0.8 billion and valid for two years. Shanghai Pudong Development Bank Co., Ltd. and China CITIC Bank Corporation Limited were joint lead underwriters of these medium-term notes which could be issued by stages within period of validity of the registration. On May 4, 2018, the Company

issued the first medium-term notes with a total amount of 800 million yuan and a term of three years. The issue rate was 7%, and the redemption date was May 4, 2021.

On May 22, 2017, the Shareholders' General Meeting of 2016 of CSG deliberated and approved the proposal of application for registration and issuance of medium-term notes with total amount of RMB 1 billion, which could be issued by stages within period of validity of the registration according to the Company's actual demands for funds and the status of inter-bank funds.

For details, please refer to www.chinabond.com.cn and www.chinamoney.com.cn.

5. Public issuance of corporate bonds

On March 2, 2017, the 2nd Extraordinary General Meeting of Shareholders in 2017 reviewed and approved "the Proposal on the Public Issuance of Corporate Bonds for Qualified Investors". On February 27, 2019, the First Extraordinary General Meeting of Shareholders in 2019 The "Proposal on Extending the Validity Period of the Shareholders' Meeting for the Public Offering of Corporate Bonds to Qualified Investors" agreed to issue corporate bonds with a total issue of no more than RMB 2 billion and a term of no more than 10 years.

On July 22, 2019, the Company received the "Approval of Approving CSG Holding Co., Ltd. to Issue Corporate Bonds to Qualified Investors" issued by China Securities Regulatory Commission (CSRC [2019] No. 1140).

6. Approved by the interim meeting of the Eighth Board of Directors of the Company held on September 11, 2019, the Company issued an entrusted loan with total amount of RMB 0.3 billion to Tengchong Yuezhou Water Investment Development Co., Ltd.. The validity period of the entrusted loan was 3 months and the annual interest rate was 8.5%.

7. On October 10, 2017, the 3rd Meeting of the Eighth Board of Directors of the Company deliberated and approved 2017 Restricted A-shares Incentive Plan of CSG Holding Co., Ltd (Draft) and its summary, the Management Method of the Implementation and Review of 2017 A-share Restricted Stock Incentive Plan of CSG Holding Co., Ltd and the Proposal on Applying the General Meeting of Shareholders to Authorize the Board of Directors to Deal With the Related Matters on the Company's 2017 Restricted A-shares Incentive Plan. The above contents are detailed in the Announcement of the Resolution on the 3rd Meeting of the Eighth Board of Directors published on www.cninfo.com.cn on October 11, 2017 (Announcement No.: 2017-063). The Company's independent directors issued independent opinions on the issues involved with 2017 Restricted A-shares Incentive Plan.

On October 26, 2017, the Company convened the 5th Extraordinary General Meeting in 2017, which deliberated and approved the above three proposals. The Proposal on Adjusting the Object and Quantity Granted of 2017 A-share Restricted Stock Incentive Plan and the Proposal on Firstly Granted Restricted Shares to the Object of 2017 Restricted A-share were deliberated and approved on the interim meeting of the Eighth Board of Directors which was convened on December 11, 2017. It determined December 11, 2017 as the grant date, to grant 97,511,654 restricted shares to 454 objects at the grant price of RMB 4.28 yuan/share, with 17,046,869 shares of reserved restricted shares.

The granting of shares was completed on December 25, 2017 and the specific content was detailed in the Announcement on Completing the First Granting of 2017 Restricted Shares disclosed on www.cninfo.com.cn on December 22, 2017 (Announcement No.:2017-079).

On July 20, 2018, the Company held an interim meeting of the Eighth Board of Directors and an interim meeting of the the Eighth Board of Supervisors, and reviewed and approved the Proposal on Repurchase and Cancellation of Part of Restricted Stocks of Restricted Stock Incentive Plan, and agreed to repurchase and cancel the total of 3,319,057 shares of all restricted stocks held by 15 unqualified original incentives. The independent directors of the Company issued a consent opinion. And on August 6, 2018, the 2nd Extraordinary General Meeting in 2018 approved the proposal. As of September 10, 2018, the Company had completed the

cancellation procedures for the above-mentioned restricted stocks in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. The total number of shares of the Company was changed from 2,856,769,678 shares to 2,853,450,621 shares.

On September 13, 2018, the Company held an interim meeting of the Eighth Board of Directors and an interim meeting of the Eighth Board of Supervisors, and reviewed and approved the Proposal on Granting Reserved Restricted Stocks of 2017 Restricted Stock Incentive Plan for Incentive Objects, which determined September 13, 2018 as the grant date, to grant 9,826,580 restricted shares to 75 objects at the grant price of RMB 3.68 yuan/share. The independent directors issued independent opinions on the above proposal, and the Company's board of supervisors re-checked the list of incentive objects on the grant date. The shares granted had been registered in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited and listed on September 28, 2018. The total number of shares of the Company was changed from 2,853,450,621 shares to 2,863,277,201 shares.

On December 12, 2018, the Company held an interim meeting of the Eighth Board of Directors and an interim meeting of the Eighth Board of Supervisors, and reviewed and approved the Proposal on Repurchase and Cancellation of Part of Restricted Stocks of Restricted Stock Incentive Plan, and agreed to repurchase and cancel the total of 436,719 shares of all restricted stocks held by 8 unqualified original incentive objects. The proposal was approved by the 3rd Extraordinary General Meeting in 2018 on December 28, 2018. As of June 18, 2019, the Company had completed the cancellation procedures for the above-mentioned restricted stocks in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited and the specific content was detailed in the Announcement on the Completion of Repurchasing Part of Restricted Stocks disclosed on www.cninfo.com.cn on June 19, 2019 (Announcement No.: 2019-040).

On December 12, 2018, the Company held an interim meeting of the Eighth Board of Directors and an interim meeting of the Eighth Board of Supervisors, and reviewed and approved the Proposal on the First Achievement of Lifting the Restriction Conditions for the First Granted Shares of the Company's 2017 A-share Restricted Stock Incentive Plan in the First Unlock Period. In addition to the fact that the eight incentive objects did not have the conditions to unlock restricted stocks due to their resignation, the total number of incentive objects who reached the conditions for unlocking restricted stocks was 431 persons, and the number of restricted stocks that could be unlocked was 43,353,050 shares, accounting for 1.51% of the current total share capital of the Company. The board of supervisors, independent directors, and law firms separately issued clear consent opinions. The unlock date of the restricted stocks, which was the date of listing, was December 21, 2018.

On April 16, 2019, the Company held the 8th Meeting of the Eighth Board of Directors and the 8th Meeting of the Eighth Board of Supervisors, which reviewed and approved the Proposal on Repurchase and Cancellation of Part of Restricted Stocks of Restricted Stock Incentive Plan and the Proposal on Repurchase and Cancellation of Restricted Stocks that Had Not Reached the Unlocking Condition of the Second Unlock Period, and agreed to repurchase and cancel the total of 3,473,329 shares of all restricted stocks held by 14 unqualified original incentives, as well as the total of 33,734,276 shares of 483 incentive objects that did not meet the unlocking conditions of the second unlock period. The independent directors of the Company issued a consent opinion. And on May 9, 2019, the proposals were approved by the 2018 Annual General Meeting of Shareholders. As of June 18, 2019, the Company had completed the cancellation procedures for the above-mentioned restricted stocks in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited and the specific content was detailed in the Announcement on the Completion of Repurchasing Part of Restricted Stock disclosed on www.cninfo.com.cn on June 19, 2019 (Announcement No.: 2019-040).

On September 16, 2019, the Company held an interim meeting of the Eighth Board of Directors and an interim meeting of the Eighth Board of Supervisors, and reviewed and approved the Proposal on Repurchase and Cancellation of Part of Restricted Stocks of Restricted Stock Incentive Plan, and agreed to repurchase and cancel the total of 1,281,158 shares of all restricted stocks held by 18 unqualified original incentive objects. The proposal was approved by the 4th Extraordinary General Meeting in 2019 on October 10, 2019. The proposal was approved by the 4th Extraordinary General Meeting in 2019 on October 10, 2019. The above restricted stock has not completed the cancellation procedure.

On September 16, 2019, the Company held an interim meeting of the Eighth Board of Directors and an interim meeting of the Eighth Board of Supervisors, and reviewed and approved the Proposal on the First Achievement of Lifting the Restriction Conditions for the Reserved Granted Shares of the Company's 2017 A-share Restricted Stock Incentive Plan in the First Unlock Period. In addition to the fact that 3 incentive objects did not have the conditions to unlock restricted stocks due to their resignation, the total number of incentive objects who reached the conditions for unlocking restricted stocks was 71 persons, and the number of restricted stocks that could be unlocked was 3,909,350 shares, accounting for 0.13% of the current total share capital of the Company. The board of supervisors, independent directors, and law firms separately issued clear consent opinions. The unlock date of the restricted stocks, which was the date of listing, was September 25, 2019.

According to the relevant provisions of the "Accounting Standards for Business Enterprises", the implementation of the Company's restricted stocks will have certain impact on the Company's financial status and operating results in the next few years. The results are subject to the annual audit report issued by the accounting firm.

Implementation progress of share buyback

Applicable Not applicable

Implementation progress of share buyback reduction through centralized bidding

Applicable Not applicable

III. Commitments made by the actual controller, the shareholders, the related parties, the purchasers and the Company which failed to be fulfilled in time during the report period

Applicable Not applicable

There were no commitments made by the actual controller, the shareholders, the related parties, the purchasers or the Company which failed to be fulfilled in time during the report period.

IV. Prediction of business performance of 2019

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

Applicable Not applicable

V. Securities investment

Applicable Not applicable

The Company had no securities investment in the report period.

VI. Entrusted financial management

Applicable Not applicable

The Company had no entrusted financial management in the report period.

VII. Derivatives investment

Applicable Not applicable

The Company had no derivatives investment in the report period.

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

Applicable Not applicable

The Company had no reception of research, communication or interview in the report period.

IX. Illegal external guarantee

Applicable Not applicable

The Company had no illegal external guarantee in the report period.

X. Particulars about non-operating fund of listed company which is occupied by controlling shareholder and its affiliated enterprises

Applicable Not applicable

In the report period, it did not exist that non-operating fund of listed company was occupied by controlling shareholder or its affiliated enterprises.

Section IV. Financial Report

(I) Financial Statements

1. Consolidated Balance Sheet

Prepared by CSG Holding Co., Ltd.

September 30, 2019

Unit: RMB

Item	September 30, 2019	December 31, 2018
Current asset:		
Monetary capital	1,863,545,157	2,226,447,720
Notes receivable	491,760,141	719,375,448
Accounts receivable	781,854,555	592,233,312
Prepayments	115,332,062	91,176,675
Other receivables	204,222,903	207,424,295
Accounts receivable	814,306,954	600,139,750
Holding assets for sale		45,983,520
Other current assets	428,468,741	445,327,449
Total current assets	4,699,490,513	4,928,108,169
Non-current assets:		
Fixed assets	10,003,094,368	9,930,843,775
Construction in progress	1,981,632,062	2,559,179,442
Intangible assets	1,039,671,918	1,035,731,324
Development expenditure	57,602,714	74,549,257
Goodwill	376,720,156	376,720,156
Long-term prepaid expenses	11,414,449	12,746,609
Deferred tax assets	163,089,054	139,529,518
Other non-current assets	90,129,305	56,825,934
Total non-current assets	13,723,354,026	14,186,126,015
Total assets	18,422,844,539	19,114,234,184
Current liabilities:		
Short-term loan	2,860,000,039	2,922,679,590
Notes payable	191,449,162	105,150,000
Accounts payable	1,031,457,587	1,209,859,263

Advance payment	268,182,351	206,631,008
Payroll payable	227,888,841	266,459,151
Taxes payable	124,296,873	111,967,365
Other payables	309,463,325	552,751,187
Including: interest payable	42,358,192	73,612,703
Dividend payable	3,043,798	2,846,362
Non-current liabilities due within one year	1,675,813,653	819,448,742
Other current liabilities	300,000	300,000
Total current liabilities	6,688,851,831	6,195,246,306
Non-current liabilities:		
Long term borrowing	1,080,400,000	2,315,700,000
Long-term payables	190,542,654	529,910,796
Deferred income	519,119,390	601,825,780
Deferred income tax liabilities	33,071,122	22,118,840
Total non-current liabilities	1,823,133,166	3,469,555,416
Total Liabilities	8,511,984,997	9,664,801,722
Owners' equity:		
Share capital	3,108,196,163	2,863,277,201
Capital reserve	730,505,435	1,095,339,421
Less: Treasury shares	122,316,511	277,180,983
Other comprehensive income	7,059,689	5,080,234
Special reserves	9,706,398	6,068,600
Surplus reserve	924,305,375	924,305,375
Undistributed profit	4,889,370,806	4,486,264,723
Total owner's equity attributable to the parent company	9,546,827,355	9,103,154,571
Minority shareholders' equity	364,032,187	346,277,891
Total owner's equity	9,910,859,542	9,449,432,462
Total Liabilities and Owner's Equity	18,422,844,539	19,114,234,184

Legal representative: Chen Lin Principal in charge of accounting: Wang Jian Head of accounting department: Wang Wenxin

2. Balance Sheet of the Parent Company

Unit: RMB

Item	September 30, 2019	December 31, 2018
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Current asset:		
Monetary capital	1,171,946,331	1,700,726,151
Prepayments	278,156	438,167
Other receivables	3,552,175,851	2,912,516,245
Other current assets	300,116,326	300,000,000
Total current assets	5,024,516,664	4,913,680,563
Non-current assets:		
Long-term receivables	1,200,000,000	1,200,000,000
Long-term equity investment	5,043,863,570	4,964,696,831
Fixed assets	20,833,632	20,926,071
Intangible assets	574,403	879,146
Other non-current assets	1,358,333	732,038
Total non-current assets	6,266,629,938	6,187,234,086
Total assets	11,291,146,602	11,100,914,649
Current liabilities:		
Short-term loan	2,159,500,000	2,000,000,000
Notes payable	170,000,000	
Accounts payable	236,346	261,024
Payroll payable	34,230,524	41,096,020
Taxes payable	2,298,360	1,099,231
Other payables	1,316,949,901	1,668,587,218
Including: interest payable	27,375,326	41,572,125
Dividend payable	3,043,798	2,846,362
Non-current liabilities due within one year	1,200,000,000	
Total current liabilities	4,883,215,131	3,711,043,493
Non-current liabilities:		
Long term borrowing	877,500,000	2,000,000,000
Deferred income	182,990,809	184,642,520
Total non-current liabilities	1,060,490,809	2,184,642,520
Total Liabilities	5,943,705,940	5,895,686,013
Owners' equity:		
Share capital	3,108,196,163	2,863,277,201
Capital reserve	875,332,749	1,240,166,735
Less: Treasury shares	122,316,511	277,180,983

Surplus reserve	938,850,735	938,850,735
Undistributed profit	547,377,526	440,114,948
Total owner's equity	5,347,440,662	5,205,228,636
Total Liabilities and Owner's Equity	11,291,146,602	11,100,914,649

3. Consolidated Income Statement

Unit: RMB

Item	Balance of this period	Balance of last period
I. Total operating income	2,773,417,909	2,680,693,459
Including: operating income	2,773,417,909	2,680,693,459
II. Total operating costs	2,464,522,217	2,561,744,922
Including: Operating costs	2,029,994,395	2,092,944,976
Taxes and surcharges	29,661,141	35,812,891
sales expense	93,556,963	90,526,141
Management costs	149,384,270	168,654,876
R&D expenses	89,453,795	86,247,328
Financial expenses	72,471,653	87,558,710
Including: interest expense	77,460,347	109,819,290
Interest income	7,162,227	23,542,159
Plus: other income	35,689,521	32,285,163
Credit impairment loss (“-“ for loss)	223,834	-1,891,859
Asset impairment loss (“-“ for loss)	-135,326,316	
Asset disposal income (“-“ for loss)	-252,568	112,525
III. Operating profit (“-“ for loss)	209,230,163	149,454,366
Plus: non-operating income	2,790,510	5,625,593
Less: non-operating expenses	1,162,203	614,072
IV. Gross profit (“-“ for loss)	210,858,470	154,465,887
Less: Income tax expenses	35,530,123	27,650,222
V. Net profit (“-“ for net loss)	175,328,347	126,815,665
(I) Classification by business continuity		
1. Net profit from continuing operations (“-“ for net loss)	175,328,347	126,815,665
2. Termination of operating net profit (“-“ for net loss)		
(II) Classification by ownership		
1. Net profit attributable to the owners of parent	166,970,717	116,279,185

company		
2. Minor shareholders' equity	8,357,630	10,536,480
VI. Net amount of other gains after tax	1,699,294	2,463,096
Net amount of other gains after tax attributable to owners of parent company	1,699,294	2,463,096
(II) Other comprehensive income that will be reclassified into profit or loss	1,699,294	2,463,096
8. Foreign currency financial statement translation difference	1,699,294	2,463,096
VII. Total of misc. incomes	177,027,641	129,278,761
Total of misc. incomes attributable to the owners of the parent company	168,670,011	118,742,281
Total misc gains attributable to the minor shareholders	8,357,630	10,536,480
VIII. Earnings per share:		
(I) Basic earnings per share	0.06	0.04
(II) Diluted earnings per share	0.05	0.04

Legal representative: Chen Lin Principal in charge of accounting: Wang Jian Head of accounting department: Wang Wenxin

4. Income Statement of the Parent Company

Unit: RMB

Item	Balance of this period	Balance of last period
I. Operating income	19,599,133	14,147,677
Less: Operating costs	0	0
Taxes and surcharges	33,330	144,784
sales expense		
Management costs	38,951,830	39,974,380
R&D expenses	410,606	944,937
Financial expenses	32,656,871	23,855,339
Including: interest expense	39,315,340	45,996,709
Interest income	6,337,011	21,853,898
Plus: other income	2,146,610	470,940
Credit impairment loss ("-" for loss)	-44,670	-54,340
Asset disposal income ("-" for loss)	502,000	
II. Operating profit ("-" for loss)	-49,849,564	-50,355,163

Plus: non-operating income		10,556
Less: non-operating expenses	1,030,000	242,988
III. Gross profit (“-“ for loss)	-50,879,564	-50,587,595
Less: Income tax expenses		599,358
IV. Net profit (“-“ for net loss)	-50,879,564	-51,186,953
(I) Net profit from continuing operations (“-“ for net loss)	-50,879,564	-51,186,953
(II) Termination of operating net profit (“-“ for net loss)		
VI. Total of misc. incomes	-50,879,564	-51,186,953
VII. Earnings per share:		

5. Consolidated income statement for Jan.-Sept. 2019

Unit: RMB

Item	Balance of this period	Balance of last period
I. Total revenue	7,661,655,487	8,151,251,436
Including: Business income	7,661,655,487	8,151,251,436
II. Total business cost	6,991,295,788	7,631,820,904
Including: Business cost	5,701,371,220	6,192,441,730
Tax and surcharges	86,349,138	107,743,437
Sales expense	266,060,362	262,743,395
Administrative expense	442,246,625	523,550,697
R&D expenses	263,729,931	271,905,509
Financial expenses	231,538,512	273,436,136
Including: Interest expense	248,491,952	313,350,797
Interest income	22,085,602	46,575,577
Plus: other income	143,444,934	54,760,584
Credit impairment loss (“-“ for loss)	-3,541,836	-5,545,468
Asset impairment loss (“-“ for loss)	-135,326,316	
Asset disposal income (“-“ for loss)	118,401	-455,305
III. Operating profit (“-“ for loss)	675,054,882	568,190,343
Plus: non-operating income	6,456,825	8,221,388
Less: non-operating expenses	7,455,430	1,492,623
IV. Gross profit (“-“ for loss)	674,056,277	574,919,108
Less: Income tax expenses	111,988,863	89,021,326

V. Net profit (“-“ for net loss)	562,067,414	485,897,782
(I) Classification by business continuity		
1. Net profit from continuing operations (“-“ for net loss)	562,067,414	485,897,782
2. Termination of operating net profit (“-“ for net loss)		
(II) Classification by ownership		
1. Net profit attributable to the owners of parent company	544,313,118	469,116,338
2. Minor shareholders' equity	17,754,296	16,781,444
VI. Net amount of other gains after tax	1,979,455	3,155,114
Net amount of other gains after tax attributable to owners of parent company	1,979,455	3,155,114
(II)Other comprehensive income that will be reclassified into profit or loss	1,979,455	3,155,114
8. Foreign currency financial statement translation difference	1,979,455	3,155,114
VII. Total of comprehensive income	564,046,869	489,052,896
Total of misc. incomes attributable to the owners of the parent company	546,292,573	472,271,452
Total misc gains attributable to the minor shareholders	17,754,296	16,781,444
VIII. Earnings per share:		
(I) Basic earnings per share	0.18	0.16
(II) Diluted earnings per share	0.17	0.15

Legal representative: Chen Lin Principal in charge of accounting: Wang Jian Head of accounting department: Wang Wenxin

6. Income statement of the Parent Company for Jan.-Sept. 2019

Unit: RMB

Item	Balance of this period	Balance of last period
I. Total revenue	57,755,818	44,248,959
Less: Operating costs	0	0
Tax and surcharges	518,198	391,249
Sales expense		
Administrative expense	102,583,448	135,342,752
R&D expenses	766,444	2,839,736
Financial expenses	97,201,706	53,787,897
Including: Interest expense	113,702,087	94,678,140

Interest income	19,075,093	43,313,805
Plus: other income	3,612,857	2,070,606
Investment income("—" for loss)	390,105,325	231,537,606
Credit impairment loss ("—" for loss)	49,644	-8,222
Asset disposal income ("—" for loss)	502,000	2,440
II. Operating profit ("—" for loss)	250,955,848	85,489,755
Plus: non-operating income	2,403,225	134,006
Less: non-operating expenses	4,889,460	243,265
III. Gross profit ("—" for loss)	248,469,613	85,380,496
Less: Income tax expenses		599,358
VI. Net profit ("—" for net loss)	248,469,613	84,781,138
(I) Net profit from continuing operations ("—" for net loss)	248,469,613	84,781,138
(II) Termination of operating net profit ("—" for net loss)		
VI. Total of comprehensive income	248,469,613	84,781,138
VII. Earnings per share:		

7. Consolidated Cash Flow Statement for Jan.-Sept. 2019

Unit: RMB

Item	Balance of this period	Balance of last period
I. Net cash flow from business operation		
Cash received from sales of products and providing of services	8,428,098,411	8,874,070,807
Tax returned	18,305,669	81,506,819
Other cash received from business operation	102,269,234	114,952,740
Sub-total of cash inflow from business activities	8,548,673,314	9,070,530,366
Cash paid for purchasing of merchandise and services	5,090,478,028	5,549,504,979
Cash paid to staffs or paid for staffs	999,968,278	1,020,862,956
Taxes paid	477,640,490	605,975,057
Other cash paid for business activities	472,196,718	483,361,352
Sub-total of cash outflow from business activities	7,040,283,514	7,659,704,344
Net cash flow generated by business operation	1,508,389,800	1,410,826,022
II. Cash flow generated by investing		
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	514,875	3,689,092

Other investment-related cash received	36,440,563	24,683,677
Sub-total of cash inflow due to investment activities	36,955,438	28,372,769
Cash paid for construction of fixed assets, intangible assets and other long-term assets	459,047,736	462,402,032
Other cash paid for investment activities	53,341,928	93,641,334
Sub-total of cash outflow due to investment activities	512,389,664	556,043,366
Net cash flow generated by investment	-475,434,226	-527,670,597
III. Cash flow generated by financing		
Cash received as investment		9,826,580
Cash received as loans	2,525,743,740	3,871,266,495
Other financing-related cash received	500,000,000	46,330,808
Subtotal of cash inflow from financing activities	3,025,743,740	3,927,423,883
Cash to repay debts	2,600,659,040	3,255,750,000
Cash paid as dividend, profit, or interests	425,509,363	438,702,824
Other cash paid for financing activities	1,546,884,782	568,114,332
Subtotal of cash outflow due to financing activities	4,573,053,185	4,262,567,156
Net cash flow generated by financing	-1,547,309,445	-335,143,273
IV. Influence of exchange rate alternation on cash and cash equivalents	1,571,638	2,487,631
V. Net increase of cash and cash equivalents	-512,782,233	550,499,783
Plus: Balance of cash and cash equivalents at the beginning of term	2,225,126,913	2,459,753,165
VI. Balance of cash and cash equivalents at the end of term	1,712,344,680	3,010,252,948

8. Cash Flow Statement of the Parent Company for Jan.-Sept. 2019

Unit: RMB

Item	Balance of this period	Balance of last period
I. Net cash flow from business operation		
Other cash received from business operation	35,177,783	45,225,208
Sub-total of cash inflow from business activities	35,177,783	45,225,208
Cash paid to staffs or paid for staffs	88,784,201	80,647,604
Taxes paid	3,219,099	2,520,750
Other cash paid for business activities	28,928,195	25,910,236
Sub-total of cash outflow from business activities	120,931,495	109,078,590
Net cash flow generated by business operation	-85,753,712	-63,853,382

II. Cash flow generated by investing		
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	2,000	2,440
Sub-total of cash inflow due to investment activities	2,000	2,440
Cash paid for construction of fixed assets, intangible assets and other long-term assets	4,877,721	5,604,540
Cash paid as investment	66,000,000	46,750,000
Sub-total of cash outflow due to investment activities	70,877,721	52,354,540
Net cash flow generated by investment	-70,875,721	-52,352,100
III. Cash flow generated by financing		
Cash received as investment		9,826,580
Cash received as loans	2,024,500,000	2,917,500,000
Other financing-related cash received		124,357,949
Subtotal of cash inflow from financing activities	2,024,500,000	3,051,684,529
Cash to repay debts	1,787,500,000	2,150,000,000
Cash paid as dividend, profit, or interests	207,984,342	199,721,074
Other cash paid for financing activities	550,998,441	
Subtotal of cash outflow due to financing activities	2,546,482,783	2,349,721,074
Net cash flow generated by financing	-521,982,783	701,963,455
IV. Influence of exchange rate alternation on cash and cash equivalents	35,235	-1,245,875
V. Net increase of cash and cash equivalents	-678,576,981	584,512,098
Plus: Balance of cash and cash equivalents at the beginning of term	1,699,514,334	1,680,672,390
VI. Balance of cash and cash equivalents at the end of term	1,020,937,353	2,265,184,488

II. Note to the Adjustment of the Financial Statements

1. Adjustment of the relevant items of the financial statements at the current year beginning according to the new standards for financial instruments, the new standards for revenues and the new standards for lease implemented commencing from year 2019

Applicable Not applicable

2. Note to the retroactive adjustment of the previous comparative data according to the new standards for financial instruments and the new standards for lease implemented commencing from year 2019

Applicable Not applicable

III .Auditor’s Report

Whether the third quarter report has been audited or not

Yes No

The third quarter report of the Company has not been audited.

**Board of Directors of
CSG Holding Co., Ltd.
28 October 2019**