

CSG HOLDING CO., LTD.

ANNUAL REPORT 2018



Chairman of the Board:

CHEN LIN

April 2019

Section I Important Notice, Content 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.

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 this 2018 Annual Report is true, accurate and complete.

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

This report involves future plans and some other forward-looking statements, which shall not be considered as virtual promises to investors. Investors are kindly reminded to pay attention to possible risks.

Details of the risk factors and countermeasures of future development have been well-described in this report, please find in Section IV Business Discussion and Analysis.

The deliberated and approved plan of profit distribution and capital reserve converted into share capital in the Board Meeting is distributing cash dividend of RMB 0.50 yuan (tax included) for every 10 shares to all shareholders based on 2,863,277,201 shares of the total currently share capital. Meanwhile the Company will transfer capital reserve into capital with 1 shares for every 10 shares to all shareholders based on 2,863,277,201 shares of the total currently share capital. (The actual amount of the cash dividend distributed and capital reserve transferred will be determined according to the total share capital on the capital reserved registration date for profit distribution implementation.)

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.

Content

Section I Important Notice, Content and Paraphrase	1
Section II Company Profile & Financial Highlights.....	4
Section III Overview of the Company's Business.....	9
Section IV. Business Discussion and Analysis	13
Section V. Important Events	37
Section VI. Changes in Shares and Particulars about Shareholders	59
Section VII. Particulars about Directors, Supervisors, Senior Executives and Employees	70
Section VIII. Corporate Governance	81
Section IX. Financial Report.....	88
Section X. Documents Available for Reference	173

Paraphrase

Items	Refers to	Contents
Company, the Company, CSG or the Group	Refers to	CSG Holding Co., Ltd.
Foresea Life	Refers to	Foresea Life Insurance 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
AG glass	Refers to	Anti-glare glass
AF glass	Refers to	Anti-fingerprint galss

Section II Company Profile & Financial Highlights

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	Chen Lin		
Registered Add.	CSG Building, No.1, the 6 th Industrial Road, Shekou, Shenzhen, P. R.C.		
Post Code	518067		
Office Add.	CSG Building, No.1, the 6 th Industrial Road, Shekou, Shenzhen, P. R.C.		
Post Code	518067		
Internet website	www.csgholding.com		
E-mail	securities@csgholding.com		

II. Person/Way to contact

	Secretary of the Board	Representative of security affairs
Name	Yang Xinyu	Chen Chunyan
Contacts add.	CSG Building, No.1 of the 6th Industrial Road, Shekou, Shenzhen, P. R.C.	CSG Building, No.1 of the 6th Industrial Road, Shekou, Shenzhen, P. R.C.
Tel.	(86)755-26860666	(86)755-26860666
Fax.	(86)755-26860685	(86)755-26860685
E-mail	securities@csgholding.com	securities@csgholding.com

III. Information disclosure and preparation place

Newspapers for information disclosure	Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily 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	Office of the Board of Directors

IV. Registration changes of the Company

Organization code	Unified social credit code: 914403006188385775
-------------------	--

Changes of main business since listing (if applicable)	No changes
Previous changes for controlling shareholders (if applicable)	No changes

V. Other relevant information

CPA firm engaged by the Company

Name of CPA firm	Asia Pacific (Group) CPAs (special general partnership)
Offices add. for CPA firm	Room 301, building 1, No. 9, Che Gong Zhuang Street, Xicheng District, Beijing, China
Signing Accountants	Zhao Qingjun, Zhou Xianhong

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

VI. 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

	2018	2017	Changes over last year	2016
Operating income (RMB)	10,609,963,011	10,879,400,746	-2.48%	8,974,083,407
Net profit attributable to shareholders of the listed company (RMB)* note1	452,965,935	825,388,312	-45.12%	797,721,576
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)*note2	367,579,835	745,373,108	-50.69%	776,950,973
Net cash flow arising from operating activities (RMB)	2,130,378,100	2,463,446,156	-13.52%	2,240,852,120
Basic earnings per share (RMB/Share)*note3	0.16	0.30	-46.67%	0.33
Diluted earnings per share (RMB/Share)*note4	0.16	0.29	-44.83%	0.33
Weighted average ROE (%) *note5	5.16%	10.15%	-4.99%	10.33%
	As at 31 Dec. 2018	As at 31 Dec. 2017	Changes over the end of last year	As at 31 Dec. 2016
Total assets (RMB)	19,114,234,184	19,535,002,368	-2.15%	17,146,815,630
Net assets attributable to shareholders of the listed company (RMB)	9,103,154,571	8,458,587,873	7.62%	7,808,915,004

Influence of equity incentive expense:

Note (1): Data in aforesaid table has contained the equity incentive expense RMB 141.49 million yuan shared and included into loss and gain in 2018, and the effect on the net profit attributable to shareholder of listed company was RMB 124.63 million yuan. Excluding the effect of equity incentive expense share, the net profit attributable to shareholder of listed company in 2018 was RMB 577.59 million yuan, a year-on-year decrease of RMB 247.8 million yuan, or 30.02%

Note (2): Excluding the effect of equity incentive expense share, the net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses in 2018 was RMB 492.21 million yuan, a year-on-year decrease of RMB 253.16 million yuan, or 33.96%

Note (3): Excluding the effect of equity incentive expense share, the basic earnings per share in 2018 was RMB 0.21yuan, declined 30% year on year.

Note (4): After excluding the effect of equity incentive expense share, the diluted earnings per share in 2018 was RMB 0.20 yuan, declined 31.03% year on year.

Note (5): After excluding the effect of equity incentive expense share, the weighted average ROE 2018 was 6.58%, declined 3.57% year on year.

The total share capital of the company as of the previous trading day of disclosure (share)	2,863,277,201
Fully diluted earnings per share calculated with latest equity (RMB/share)	0.16

Whether there is corporate bonds

☐ Yes ☒ No

Whether there is continuous loss in recent two years

☐ Yes ☒ No

VII. Accounting Data Differences under Chinese Accounting Standards (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

1. Net Income and Equity Differences under CAS and IFRS

☐ Applicable ☒ Not applicable

No such differences for the Report Period.

2. Net Income and Equity Differences under CAS and Foreign Accounting Standards

☐ Applicable ☒ Not applicable

No such differences for the Report Period.

3. Reason of the difference between domestic and overseas accounting data

☐ Applicable ☒ Not applicable

VIII. Main financial indexes by quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating income	2,629,471,994	2,841,085,983	2,680,693,459	2,458,711,575
Net profit attributable to shareholders of the listed company	159,382,821	193,454,332	116,279,185	-16,150,403
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	152,948,714	180,489,383	86,201,062	-52,059,324
Net cash flow arising from operating activities	60,223,706	704,340,382	646,261,934	719,552,078

Whether there are significant differences between the above-mentioned financial index or its total number and the relevant financial index disclosed in the Company's quarterly report and semi-annual report or not

☐ Yes ☒ No

IX. Items and amounts of extraordinary gains/losses

☒ Applicable ☐ Not applicable

Unit: RMB

Item	2018	2017	2016	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-454,368	-1,768,993	-1,759,358	
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)	94,835,539	87,875,417	91,627,439	
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		427,636	-9,850,256	
Loss and profit on external entrusted loan	534,591			
Other non-operating income and expenditure except for the aforementioned items	12,099,680	12,076,848	1,306,284	
Other gains/losses satisfied definition of extraordinary profit (gains)/loss			-45,909,181	
Less: Impact on income tax	16,483,870	16,209,135	14,327,585	
Impact on minority shareholders' equity (post-tax)	5,145,472	2,386,569	316,740	
Total	85,386,100	80,015,204	20,770,603	

Reason shall be provided for the non-recurring profit and loss items defined by the company according to the definition in the No. 1 of Explanatory Announcement on Information Disclosure for Companies Offering their Securities to the Public: Non-recurring Profit and Loss and the listed non-recurring profit and loss items defined into recurring profit and loss items.

☐ Applicable ☒ Not applicable

Section III Overview of the Company's Business

I. Main business of the Company in the report period

CSG is a leading domestic brand of energy-saving glass and a renowned brand of solar PV products and display devices. Its products and technologies are very popular at home and abroad. Its main business covers R&D, manufacturing and sales of high quality float glass and architectural glass, solar glass, silicon material, renewable energy products such as PV battery and modules, and new materials and information display products such as ultra-thin electronic glass and display devices. It also provides one-stop services such as project development, construction, operation and maintenance of solar photovoltaic power plants.

Flat glass industry

CSG now has 10 float glass production lines representing the most advanced technology in domestic market and 2 solar glass production lines. The annual capacity of various high-grade float glass has reached more than 2.32 million tons and the annual capacity of solar processed glass has reached over 0.43 million tons. The Company owns quartz sand raw material bases in Jiangyou, Sichuan Province and Qingyuan, Guangdong Province. The production bases for flat glass, solar glass of the Company located in Dongguan, Chengdu, Langfang, Wujiang, and Xianning, which can produce various colors of high-grade float glass and ultra-clear float glass with thickness from 1.3mm to 25mm. Those products are widely used in high-grade buildings, decoration and furniture, mirror, automotive windshield, scanner, copier light transmissive plate, home appliance panel, display devices protection and solar energy field, each performance indicator of which has reached domestic advanced level.

The Company always adheres to innovation, transformation and upgrading, and further enhances the profitability of flat glass industry by the implementation of differentiated competitive strategy. In 2018, after the Production Line II of the subsidiary Hebei CSG entered commercial operation, it greatly increased the proportion of CSG Group in the ultra-clear float glass market. After the subsidiary Chengdu CSG's Production Line I resumed production, the high-quality automotive glass is used as the main product to further expand the automotive glass substrate market. The expansion of high value-added markets such as ultra-clear and automotive glass will further enhance the market competitiveness of CSG's flat glass.

Architectural glass industry

As the nation's largest supplier of high-grade engineering and architectural glass, CSG has five architectural and energy-saving glass processing centers which are located in Tianjin, Dongguan, Xianning, Wujiang and Chengdu. The Company possesses the international advanced glass deep-processing equipment and testing instruments, and its products cover all kinds of architectural glass. R&D and use of coating technology of the Company keep pace with the world and its technology of high-end product is even of the world's top level. Following the second generation of energy-saving glass products, the Company has successively developed the third generation and multi-function energy-saving glass products with continuous improving energy-saving and heat-preservation effect. Its high-quality energy-saving LOW-E insulating glass has always led the domestic high-end building energy-saving glass market. At present, the Company's LOW-E coated glass and LOW-E coated insulating glass have reached annual capacity of more than 36.00 million square meters and 16.00 million square meters respectively.

The Company's quality management system for engineering and architectural glass has been respectively approved by organizations of UK AOQC and Australia QAS. The product quality which meets the national standards of the US, the UK and Australia enables CSG has an advantage in the international tendering and bidding. Since 1988, CSG's engineers and technicians have been continuously participating in the formulation and compilation of various national standards and industry standards. Various high-quality architectural glass of the Company has been used in many landmark buildings at home and abroad, such as Beijing Capital International Airport, CCTV, China Resources Headquarters Building, Shenzhen KingKey100 Building, Shenzhen Shen Nine Pioneer Park, Shenzhen Trade Qianhai Center, Ping An International Finance Centre, Hangzhou International Airport, Hangzhou

Europe finance City, Shanghai Qiantan Iron Lion Gate Center, Chengdu Zhongjiao International Center, Changsha World Trade Center, Hefei Evergrande Center, Beijing subsidiary administrative center, Beijing Daxing International Airport, Qingdao Jiaodong International Airport, Chengdu International Finance Center, Hangzhou Hampton and other more than ten Hilton Hotels, Hong Kong Four Seasons Hotel, Melbourne Airport, Midtown, International Centre of Abu Dhabi and Korea LCT.

Furthermore, the new investment of Jade Glass project construction has been just completed, and will be transferred into operation shortly after. Meanwhile, the company tries to enhance the technology that will open the high level interior decoration glass market for CSG in future, which that will improved the comprehensive the advantage of competitive in architectural glass industry.

Solar Energy industry

CSG has entered solar photovoltaic industry since 2005 and is one of enterprises which firstly enter the field in China. After more than ten years of construction, operation and technological upgrading, CSG has built an industry chain in the field, covering high-purity polycrystalline silicon materials, high-efficiency silicon wafer, silicon solar cell and modules, and the design and construction of solar photovoltaic power plants, by which the Company ensures the stable quality and best cost-efficiency of its PV products to customers.

The Company now produces 9,000 ton/year of high purity polycrystalline silicon, 2.2 GW/year of silicon wafer, 0.85GW/year of solar cell, and 0.4GW/year of modules. The quality and performance indicators of the Company's polysilicon have reached the advanced level in the industry and it has reserved electronic-grade polysilicon production technology. Meanwhile, the Company is also promoting silicon wafer project of Yichang CSG, technological innovation, expansion and reconstruction projects of solar cell module in Dongguan in order to enhance the anti-risk capacity of its PV industry chain and drive the balanced, stable development of its PV industry chain. When the projects are completed, the quality and performance indicators of the Company's polysilicon, silicon wafers and silicon solar cells will be greatly increased cut down the manufacturing costs and the general competitiveness of the chain will be further improved.

To build the whole solar industry chain, the Company established Shenzhen CSG PV Energy Co., Ltd., a wholly-owned subsidiary, in 2015, of which the mainline business is to invest and develop solar power plants and extend CSG's solar energy industry to cover highly value-added terminal applications. The Company newly established New Energy Application Department to generally manage the investment, operation and maintenance of the Company's PV power plants and effectively integrate internal assets, so as to enlarge and strengthen its solar energy business.

Electronic glass and display industry

The company currently owns four electronic glass production bases, Hebei Shichuang, Yichang Photoelectric, Qingyuan CSG and Xianning Photoelectric. When Xianning Photoelectric has done the trial in the end 2018, the company industrial scale of window protection electronic glass and the competitiveness has been improved. CSG electronic glass industry is divided into high and medium aluminum, with 0.20-8.0mm products categorized into high aluminum glass series products and 0.20-1.1mm products into medium aluminum glass series products respectively. The products are widely applied in mobile intelligent terminal display and body protection, ITO conductive component, and extend to military security, new type vehicle display screen, special vehicle, smart home appliance, etc. Through efficient product R&D and market development, CSG electronic glass are at the main of options of domestic and foreign famous consumer electronic brands for protective glass base material.

In Dec. 2018, the approval works of phase II project of subsidiary Qingyuan CSG were completed and the construction was commenced. In this project, unique one-kiln and two-line process is adopted to produce 0.33-1.1mm ultra-white and ultra-thin electronic glass, 3-4mm or 15-22mm ultra-white special glass at the same time. The project will optimize product structure and combination of the company in the field of electronic glass product, efficiently cutting down manufacturing costs and improved the comprehensive competitiveness of the company in electronic glass industry.

Since the establishment of Shenzhen CSG Display Technology Co., Ltd. in 2000, with nearly 20 years of experience, the company's main products and core technologies cover three major businesses, namely vacuum magnetron sputtering coating, yellow light pattern forming and TP module processing, forming two complete touch industrial chains. On electronic glass substrate with the

"coating to yellow light pattern glass forming, glass touch module processing" industrial chain, the main business products are: high, middle-grade ITO conductive glass, glass Sensor/G - TP prevent and reduce the reverse (AR), module, fingerprint (AF), and a semipermeable (RT), super-hard film (DLC) and so on glass substrate composite coating of differentiated products. Another industry chain of "substrate coating flexible yellow light pattern processing flexible touch module processing" is based on flexible optical film. The main products are: high and medium ITO conductive film, ITO copper film, thin film, film Sensor/ F-TP module, etc. The manufacturing line of AG glass mainly for the market of vehicle central control has been established by the end of 2018 and will commercialized in 2019, which will offer a new profit growth for CSG Electronic display device industry. In addition, since 2013, the company has been developing high-end AG glass substrate, and has been able to successfully produce high-quality sodium-calcium AG glass and high-alumina AG glass in mass production. With years of development, the CSG glass display device has become a high-quality supplier of electronic application materials in the display touch-control industry, as well as a supplier of touch-sensors and TP modules, which can provide customers with a full range of one-stop TP solutions.

II. Major changes in main assets

1. Details of major changes in main assets

Main assets	Note of major changes
Equity assets	There was no significant change in equity in the report period.
Fixed assets	Some of subsidiaries fixed assets turned into construction in progress for technical innovation /renovation in the report period.
Intangible assets	There was no significant change in intangible assets in the report period.
Construction in progress	Some of subsidiaries fixed assets turned into construction in progress for technical innovation /renovation in the report period.
Short term Loans	The company has repaid part of the loan in the report period.
Long term Loans	The company issued new medium-term notes during the report period.

2. Main overseas assets

☐ Applicable ☒ Not applicable

III. Core Competitiveness Analysis

① The Company currently has built complete industrial chains in the involved industries, which has complementary advantage. In glass industry, the Company has set up 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 its module, photovoltaic rolled glass, etc. and extended to terminal application of PV power plant. 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 East China, West China, South China, North China and Central China, which enables the Company to be closer to the market and serve the market better.

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's advanced level, and its technique and technology in the field of solar energy keep leading position in domestic market.

④ The Company possesses high anti-risk capability. It has established an effective internal control system. Meanwhile, the management and control ability of account receivable and inventory stand in a high level within the industry. CSG's new management team has an international perspective and a more open management philosophy. It aims to achieve the transfer of capacity and continues to expand new business fields along with the national policies of the Belt and Road based on the intensive development of CSG's main business, making the Company be bigger and stronger, so as to be a comprehensive industrial group.

Section IV. Business Discussion and Analysis

I. Introduction

The past 2018 is a year of changing and turbulence. The global economic growth rate is slowing down and the growth momentum is weakening. The domestic economy is also facing multiple pressures: macroeconomic investment drives and scale-driven economic growth met bottlenecks. The transformation of economic restructuring and economic growth momentum is on the way. The pace of de-leveraging and de-capacity is accelerating, energy costs, raw material costs, environmental safety and compliance costs, and labor costs are constantly increasing with policy changes. International trade protectionism has risen, and Sino-US trade dispute results and impact has not yet clear, the overall economic growth pattern has shifted to the path of “innovation-driven” and “high-quality development”. Seeing in the medium and long term, under the “new normal”, the macro-economic growth has maintained a certain growth rate, and the national strategy to achieve a “soft landing” while completing economic restructuring has been clarified. Under the strong decision-making leadership of the country, although the overall growth rate has slowed down slightly, the quality of economic growth has improved significantly. Especially with the supply-side reform and the regulation of financial markets, China's economic development is moving forward toward a more stable, healthy and high-quality direction.

In 2018, facing the complex and changing economic environment and increasingly fierce market competition, all the staff of the CSG Group united as one, rising to the challenge, forged ahead, and calmly responded to the policy and market pressure faced by the photovoltaic new industries, while promoting the development of traditional core industries and new technology industries. Through the promotion of innovative products, the adjustment of operating mode and the transformation of resource allocation methods, CSG strives to resolve the problems in the Group's industrial structure, strengthens the competitive advantages of the energy-saving glass industry, and consolidates the foundation and kinetic energy of the rapid and healthy development of growth business such as electronic glass and display devices, actively achieves the overall breakthrough of the photovoltaic industry through technological innovation and capacity upgrade. CSG strived to obtain operating results in a complicated environment.

During the reporting period, although some income loss compare to last year happened due to the photovoltaic industry's polysilicon and wafer manufacturing pending production and taking initiative technology upgrades, the company still achieved operating revenue of over 10 billion yuan, reaching 10.61 billion yuan, a year-on-year reduction of 269 million yuan, or 2.48%. Although the glass business segment, electronic glass and display device business segment of the company performance profit increased significantly compared with the previous year, but due to market factors such as photovoltaic policy changes, the overall performance of the photovoltaic business sector fell sharply, dragging the company the overall profit level, the company achieved a net profit of 472 million yuan, a year-on-year reduction of 356 million yuan or 43.01%, net profit attributable to shareholders of listed companies was 453 million yuan, a year-on-year reduction of 372 million yuan, or 45.12%, excluding the impact of equity incentive fees allocation, the net profit attributable to shareholders of listed companies in 2018 was 578 million yuan, a year-on-year reduction of 248 million yuan, or 30.02%.

(I) Glass industry

The glass business is the Group's traditional core business and profit support. In 2018, despite the slowdown in the growth of the real estate market and the adverse market conditions such as negative growth in the automotive industry. The glass business, which is the CSG'S core industry still, bucking the trend growth. In 2018, the glass industry achieved operating revenue of 7.454 billion yuan, an increase of 402 million yuan or 5.7% year-on-year. The net profit was 802 million yuan, a year-on-year increase of 93 million yuan, or 13.17%. The performance of the energy-saving glass industry has once again made a breakthrough, benefiting from the tremendous management benefits that the company has made from hard work in management, operation, research and development, market and other aspects.

Flat glass: In 2018, the flat glass overall maintained a good market. The company vigorously promotes technological innovation and continuously promotes product differentiation. Through the full play of production capacity, continuous optimization of product structure, and continuous improvement of production cost control and production efficiency management, the company achieved increase in both revenue and profit although without significant increase in production capacity. Revenue grew up 5.45% year-on-year; net profit grew up 2.5% year-on-year. The market share and profit contribution of ultra-white, super-long, ultra-thick, ultra-thin and other differentiating advantageous products continued to rise.

Architectural glass: CSG Group is a leading enterprise in the domestic architectural energy-saving glass industry. The architectural glass business is the brand support of CSG, and has formed the quality, service and continuous R&D capabilities that match the brand. In 2018, architectural glass faces the pressure of the big environment and withstands the test of the market. On the one hand, it strengthens the brand maintenance work, leads the whole industry to purify the market, forms an industry atmosphere that respecting the brand, respecting technology and quality, which firmly strengthened the CSG brand influence; on the other hand, through rational optimization of sales strategies, strengthening industry synergies, and through continuous internal production optimization and improvement, quality management, order management, promoting factory automation production process improvement and optimizing cost reduction and efficiency, as well as energy saving, the business performance has been greatly improved, with a revenue increase of 2.53% year-on-year; a net profit increase of 55.38% year-on-year. The introduction of a new national urbanization strategy, and the confirmation of the national strategy of the integration of Beijing-Tianjin-Hebei, Greater Bay District, the integration of the Yangtze River Delta, will bring new market opportunities to the company's architectural glass business. In addition, in 2018, the company invested in the construction of Dongguan CSG JingYu New Materials Co., Ltd. to expand the company's new business growth point in the field of special decorative glass materials.

(II) Electronic glass and display industry

The electronic glass and display device business is the company's high-growth business segment. In 2018, it achieved revenue of 960 million yuan, a year-on-year increase of 9.86%; net profit of 142 million yuan, a year-on-year increase of 140.26%. The company's electronic glass keeps pace with the development trend of the industry, continuously increases R&D investment and technology update, and its competitive ability and brand influence continues to improve. In 2018, its operating income and net profit both reached record highs. The company's ultra-thin electronic glass products, especially the high-aluminum ultra-thin electronic glass products, have further increased their domestic market share. The domestically produced electronic glass products led by CSG will actively expand downstream applications to replace imported products through quality and technology benchmarking international brands. CSG Electronic Glass has gradually grown into another Celebrity brand business card. In place with Xianning Photoelectric will be transferred to commercial operation in 2019, and the construction of Qingyuan ultra-white special glass and ultra-thin electronic glass "one kiln two lines" project will further raise the threshold of electronic glass business and enhance the company's competitive advantage in the field.

The company's display device industry has long-term technology accumulation and complete industrial chain advantages. In 2018, it seized the opportunity of the automotive touch-control market, and the shipment volume and profitability of TP module and glass yellow light business increased significantly. The AG glass production line, which is mainly for the automotive central control panel market, was completed at the end of 2018 and will be transferred to commercial operation in 2019, which will provide a new profit growth point for CSG's display device industry.

(III) Solar Energy industry

Affected by the policy change, the whole solar industry experienced a decline in the operating performance in 2018. The profits of all segments in the industrial chain were severely squeezed further by the expansion of new production capacity with new technology of low-energy-priced regions. The trend of new production capacity, new technology replacing the old has been speeded up. CSG solar energy industry, especially in the manufacturing base of upstream materials such as polysilicon production and ingots, due to the relatively high electricity price in the located area, and the prolonged process of introducing new wafer production technology, is seriously affected by the sudden shrinkage of the downstream market. Facing such difficulties, the company has decided to lead the

industry to breakthrough the difficulties by developing the capacity upgrade project of the “large-scale chip applied electronic grade polysilicon”. At the same time, the company will continuously improve its sustainable operational capability through improving production efficiency, reducing costs, and improving the industry’s competitiveness.

In 2018, the installed capacity of the company's photovoltaic power plants reached 132 MW, with the annual cumulative power generation of 131.54 million KWH, an increase of 25.99 million KWH year-on-year. The operation of the company's photovoltaic power station is stable. Affected by the changes in the solar industry, especially in the material production end market environment, the solar industry achieved a total operating income of 2.342 billion yuan in 2018, a decrease of 784 million yuan or 25.08% compared with the same period of last year; net profit reached -237 million yuan, a decrease of 432 million yuan year-on-year, a drop of 222%.

II. Main business analysis

1. Overview

Unit: RMB

Items	2018	2017	Range of Change	Analysis of reasons
Operating income	10,609,963,011	10,879,400,746	-2.48%	
Operating costs	8,120,481,894	8,216,358,372	-1.17%	
Sales expenses	354,983,459	336,131,723	5.61%	Mainly due to the increase in transportation costs and employee compensation
Administration expenses	731,215,251	588,652,397	24.22%	Mainly due to the amortization of expenses in equity incentives
R&D expenses	338,791,891	330,677,375	2.45%	
Financial expenses	349,403,487	315,961,080	10.58%	Mainly due to the increase in interest expenses
Net cash flow arising from operating activities	2,130,378,100	2,463,446,156	-13.52%	Mainly due to the decrease in cash received from sales of goods and provision of labor services.
Net cash flow arising from investment activities	-778,807,979	-1,220,130,334	-36.17%	Mainly due to the decrease in cash paid for purchasing fix asset, intangible assets and other long term assets.
Net cash flow arising from financing activities	-1,588,458,276	634,295,928	-350.43%	Mainly due to in previous term fund received through financing lease which is no longer carrying out in this reporting period.

2. Revenue and cost

(1) Constitution of operation revenue

Unit: RMB

	2018		2017		Increase/decrease y-o-y
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
total of operating income	10,609,963,011	100%	10,879,400,746	100%	-2.48%
According to industry					
Glass industry	7,453,555,124	70.25%	7,051,910,295	64.82%	5.70%
Solar energy industry	2,341,776,474	22.07%	3,125,611,234	28.73%	-25.08%
Electronic glass & Display industry	960,075,428	9.05%	873,868,480	8.03%	9.86%
Others	58,900,937	0.56%	58,687,566	0.54%	0.36%
Amount of unutilized	-204,344,952	-1.93%	-230,676,829	-2.12%	-11.42%
According to product					
Glass products	7,453,555,124	70.25%	7,051,910,295	64.82%	5.70%
Solar energy products	2,341,776,474	22.07%	3,125,611,234	28.73%	-25.08%
Electronic glass & Display products	960,075,428	9.05%	873,868,480	8.03%	9.86%
Others	58,900,937	0.56%	58,687,566	0.54%	0.36%
Amount of unutilized	-204,344,952	-1.93%	-230,676,829	-2.12%	-11.42%
According to region					
Mainland China	9,151,411,893	86.25%	9,506,249,433	87.38%	-3.73%
H.K. China	196,186,618	1.85%	434,551,436	3.99%	-54.85%
Europe	53,541,882	0.51%	26,534,686	0.24%	101.78%
Asia (excluding Mainland China and H.K.)	1,125,389,041	10.61%	848,958,711	7.80%	32.56%
Australia	39,605,066	0.37%	37,937,222	0.35%	4.40%
North America	31,189,420	0.29%	6,030,936	0.06%	417.16%
Other regions	12,639,091	0.12%	19,138,322	0.18%	-33.96%

(2) List of the industries, products or regions exceed 10% of the operating income or operating profits of the Company

√Applicable □ Not applicable

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 industry						
Glass industry	7,453,555,124	5,400,796,739	27.54%	5.70%	3.50%	1.53%
Solar energy industry	2,341,776,474	2,196,725,216	6.19%	-25.08%	-12.60%	-13.39%
Electronic glass and display device industry	960,075,428	667,840,703	30.44%	9.86%	2.43%	5.05%
According to product						
Glass products	7,453,555,124	5,400,796,739	27.54%	5.70%	3.50%	1.53%
Solar energy products	2,341,776,474	2,196,725,216	6.19%	-25.08%	-12.60%	-13.39%
Electronic glass & Display device products	960,075,428	667,840,703	30.44%	9.86%	2.43%	5.05%
According to region						
Mainland China	9,151,411,893	6,959,210,746	23.95%	-3.73%	-2.61%	-0.88%
Asia (other than Mainland China and Hongkong)	1,125,389,041	934,918,533	16.92%	32.56%	34.41%	-1.15%

Under the circumstances that the statistical standards for the Company's main business data adjusted in the report period, the Company's main business data in the recent year is calculated based on adjusted statistical standards at the end of the report period

□ Applicable √ Not applicable

(3) Whether the Company's goods selling revenue higher than the service revenue

Whether the Company's goods selling revenue higher than the service revenue

√Yes □ No

Industry	Item	Unit	2018	2017	Increase/decrease y-o-y (%)
Flat glass	Sales volume	10,000-ton	274	264	3.79%
	Output	10,000-ton	272	270	0.74%
	Inventory	10,000-ton	6	9	-33.33%
Architectural glass	Sales volume	10,000-M ²	2,471	3,027	-18.37%
	Output	10,000-M ²	2,500	3,045	-17.90%
	Inventory	10,000-M ²	72	49	46.94%
Electronic glass	Sales volume	ton	39,931	34,315	16.37%
	Output	ton	43,275	32,073	34.93%
	Inventory	ton	5,742	2,212	159.58%
Polysilicon	Sales volume	ton	4,753	2,434	95.28%
	Output	ton	7,692	8,101	-5.05%
	Inventory	ton	38	122	-68.85%
Silicon wafer	Sales volume	10,000-piece	26,346	34,779	-24.25%
	Output	10,000-piece	25,715	34,840	-26.19%
	Inventory	10,000-piece	421	156	169.87%
Solar cell	Sales volume	MW	836	540	54.81%
	Output	MW	917	733	25.10%
	Inventory	MW	19	15	26.67%

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

√Applicable □ Not applicable

1. Flat glass: The decrease of inventory is mainly caused by reasonable control of delivery pace and appropriate reduction of inventory level.
2. Architectural glass: Although, because of the sales strategy adjustment and the products composition optimization, sales volume and output in architectural glass slightly decreases, the profit level of architectural glass significantly improved. Meanwhile, in order to fit with the adjustment of the sales strategy, inventory reserve is reasonably increased.
3. Electronic glass: The production and inventory increase is mainly due to production capacity increased after the completion of technical renovation of some subsidiaries taken in the second half of 2017.
4. Polysilicon: The increase in sales volume is mainly due to the increase of the external sales volume of polysilicon, which is caused by the technological renovation in part of silicon wafers production in this year. The decrease of inventory is mainly due to the production capacity of polysilicon cut down caused by the technological renovation in polysilicon production.
5. Silicon wafer: The decrease in sales volume and output is mainly due to the technological renovation in part of silicon wafers production in this year. The increase in inventory is mainly due to the sudden reduction in system installment in downstream industry caused by new government policy issued on solar industry in 31st May.
6. Solar cell: The increase in sales volume is mainly due to the increase in production capacity.

(4) Fulfillment of significant sales contracts signed by the Company up to the report period

□ Applicable ✓ Not applicable

(5) Constitution of operation cost

Constitution of operation cost of main business

Industry classification

Unit: RMB

Industry	Item	2018		2017		Increase/decrease y-o-y
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Glass industry	Raw material	4,250,705,139	79.08%	3,950,753,501	76.28%	7.59%
	Labor wages	506,600,563	9.42%	483,035,118	9.33%	4.88%
	Manufacturing costs	618,127,419	11.50%	745,385,164	14.39%	-17.07%
Electronic glass & Display industry	Raw material	437,942,818	65.75%	407,632,245	62.46%	7.44%
	Labor wages	86,736,184	13.02%	76,167,671	11.67%	13.88%
	Manufacturing costs	141,429,615	21.23%	168,846,577	25.87%	-16.24%
Solar energy industry	Raw material	1,758,180,912	80.99%	2,045,079,539	82.01%	-14.03%
	Labor wages	164,144,458	7.56%	193,384,939	7.75%	-15.12%
	Manufacturing costs	248,666,105	11.45%	255,426,988	10.24%	-2.65%

Product classification

Unit: RMB

Product	Item	2018		2017		Increase/decrease y-o-y
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Glass products	Raw material	4,250,705,139	79.08%	3,950,753,501	76.28%	7.59%
	Labor wages	506,600,563	9.42%	483,035,118	9.33%	4.88%
	Manufacturing costs	618,127,419	11.50%	745,385,164	14.39%	-17.07%
Electronic glass & Display products	Raw material	437,942,818	65.75%	407,632,245	62.46%	7.44%
	Labor wages	86,736,184	13.02%	76,167,671	11.67%	13.88%
	Manufacturing costs	141,429,615	21.23%	168,846,577	25.87%	-16.24%
Solar energy	Raw material	1,758,180,912	80.99%	2,045,079,539	82.01%	-14.03%

products	Labor wages	164,144,458	7.56%	193,384,939	7.75%	-15.12%
	Manufacturing costs	248,666,105	11.45%	255,426,988	10.24%	-2.65%

(6) Whether the consolidated scope changed during the report period

☒ Yes ☐ No

On February 11, 2018, the group established Qingyuan CSG quartz material co., Ltd. As of December 31, 2018, the group has made a monetary capital contribution of 6 million yuan, and the group holds 100% of its shares.

On March 30, 2018, the group established Dongguan CSG Jingyu new material co., Ltd. As of December 31, 2018, the group has made a monetary capital contribution of 24 million yuan, and the group holds 80% of its shares.

On May 22, 2018, the group set up Changshu CSG new energy co., Ltd. As of December 31, 2018, the group has not invested, and the group holds 100% of its shares.

(7) Major changes or adjustment in business, product or service of the Company in the report period

☐ Applicable ☒ Not applicable

(8) Major customers and major suppliers

Major customers of the Company

Total sales to the top five customers (RMB)	863,669,956
Proportion in total annual sales volume for top five customers	8.14%

Information of the top five customers of the Company

Serial	Name of customer	Sales volume (RMB)	Proportion in total annual sales
1	Customer A	274,833,538	2.59%
2	Customer B	259,752,265	2.45%
3	Customer C	118,336,100	1.12%
4	Customer D	108,440,154	1.02%
5	Customer E	102,307,899	0.96%
Total		863,669,956	8.14%

Other statement of main customers

☐ Applicable ☒ Not applicable

Major suppliers of the Company

Total purchase amount from the top five suppliers (RMB)	1,493,214,098
Proportion in total annual purchase amount from the top five suppliers	18.06%

Information of the top five suppliers of the Company

Serial	Name of supplier	Purchase amount (RMB)	Proportion in total annual purchase
1	Supplier A	463,537,163	5.61%
2	Supplier B	368,331,899	4.46%
3	Supplier C	255,739,892	3.09%
4	Supplier D	226,760,639	2.74%
5	Supplier E	178,844,505	2.16%
Total		1,493,214,098	18.06%

Other statement of main suppliers

☐ Applicable ☒ Not applicable

3. Expenses

Unit: RMB

	2018	2017	Increase/decrease y-o-y	Note of major changes
Sales expense	354,983,459	336,131,723	5.61%	
Management expense	731,215,251	588,652,397	24.22%	Mainly due to the amortization of expenses in equity incentives
Financial expense	349,403,487	315,961,080	10.58%	Mainly due to the increasing of interest costs.
R&D expenses	338,791,891	330,677,375	2.45%	

4. R&D expenses

☒ Applicable ☐ Not applicable

The Company always emphasizes R&D of new products, new technology and new craft, and R&D aims to stay close to the market, production and industry.

R&D investment of the Company

	2018	2017	Ratio of change
Number of R & D personnel (person)	146	134	8.96%
Ratio of number of R&D personnel	1.35%	1.11%	0.24%
Amount of R & D investment (RMB)	381,711,070	368,237,629	3.66%
Ratio of the R&D investment to the operating income	3.60%	3.38%	0.22%
Amount of the capitalized R&D investment (RMB)	29,735,459	43,122,431	-31.04%
Ratio of the capitalized R&D investment to the R&D investment	7.79%	11.71%	-3.92%

Reason of remarkable changes over the last year of the ratio of the total R&D investment amount to the operating income

☐ Applicable ☒ Not applicable

Reason of substantial change of the ratio of the R&D investment capitalization and its reasonable explanation

☐ Applicable ☒ Not applicable

5. Cash flow

Unit: RMB

Item	2018	2017	Increase/decrease y-o-y
Subtotal of cash in-flow from operation activity	12,086,856,666	12,256,615,740	-1.39%
Subtotal of cash out-flow from operation activity	9,956,478,566	9,793,169,584	1.67%
Net cash flow from operation activity	2,130,378,100	2,463,446,156	-13.52%
Subtotal of cash in-flow from investment activity (i)	35,327,557	192,127,040	-81.61%
Subtotal of cash out-flow from investment activity (ii)	814,135,536	1,412,257,374	-42.35%
Net cash flow from investment activity (iii)	-778,807,979	-1,220,130,334	-36.17%
Subtotal of cash in-flow from financing activity (iv)	4,672,680,876	8,129,917,929	-42.52%
Subtotal of cash out-flow from financing activity	6,261,139,152	7,495,622,001	-16.47%
Net cash flow from financing activity (v)	-1,588,458,276	634,295,928	-350.43%
Net increased amount of cash and cash equivalent (vi)	-234,626,252	1,875,186,175	-112.51%

Relevant data year-on-year major changes in the main influencing factors

☒ Applicable ☐ Not applicable

(i) It is mainly caused by the decrease of cash received in connection with other investment activities.

(ii) It is mainly caused by the decrease of cash paid for purchasing/constructing fixed assets, intangible assets and other long-term assets.

(iii) It is mainly caused by the decrease of cash paid for purchasing/constructing fixed assets, intangible assets and other long-term assets.

(iv) It is mainly due to the decrease in cash received in connection with leverage lease and interest free loans.

(v) Mainly due to in previous term fund received through financing lease which is no longer carrying out in this reporting period.

(vi) It is mainly caused by the decrease of cash inflow of financing activities.

Notes to the reason of the significant differences between the net cash flow from the operating activities and the net profits of the year during the report period

☒ Applicable ☐ Not applicable

Adjustment for the difference between net profit and amount of cash flow from operation activity for the year as follows:

Unit: RMB

Net profit	472,208,588
Plus: impairment of assets	136,546,150
Depreciation of fixed assets	965,935,450

Amortization of intangible assets	50,567,703
Net change in safe production costs	2,843,662
Amortization of long-term deferred expenses	1,647,906
Share-based pay for employees	141,486,074
Net loss/ (gains) on disposal of fixed assets and intangible assets	454,368
Financial expenses	401,627,067
Deferred income tax assets increase	-58,656,656
Increase in deferred income tax liabilities	1,202,886
Decrease in inventories	85,267,118
Increase in operating receivables	-63,345,244
Decrease in operating payables	-7,406,972
Net cash flow from operating activities	2,130,378,100

III. Analysis of the non-core business

√Applicable □ Not applicable

Unit: RMB

	Amount	Ratio in total profit	Note for the reason	Sustainable or not
Asset impairment	136,546,150	25.07%	Mainly due to decrease in value of long term assets and goodwill	No
Non-operating income	13,858,651	2.54%	Mainly due to the penalty of the contracts and the un-payable accounts	No
Non-operating expense	1,541,471	0.28%	Mainly due to the appraisals of the deviation electric quantity	No
Other Income	94,618,039	17.37%	Mainly due to government subsidy	No

IV. Assets and liabilities

1. Major changes of assets and liabilities composition

Unit: RMB

	As at 31 Dec. 2018		As at 31 Dec. 2017		Change of proportion	Notes of major changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary funds	2,226,447,720	11.65%	2,462,605,764	12.61%	-0.96%	
Accounts receivable	592,233,312	3.10%	638,238,290	3.27%	-0.17%	

Advance payment	91,176,675	0.48%	143,848,023	0.74%	-0.26%	Mainly due to the decrease in prepayment for materials
Inventory	600,139,750	3.14%	685,895,317	3.51%	-0.37%	
Other Current Assets	445,327,449	2.33%	200,847,989	1.03%	1.30%	Mainly due to new entrusted loans in the current period
Fix assets	9,930,843,775	51.96%	11,540,769,697	59.08%	-7.12%	Mainly due to some subsidiaries transferred the fixed assets to technical projects under construction
Construction in process	2,559,179,442	13.39%	1,417,624,618	7.26%	6.13%	Mainly due to some subsidiaries transferred the fixed assets to technical projects under construction
Long-term deferred expenses	12,746,609	0.07%	2,223,397	0.01%	0.06%	Mainly due to amortization of land lease payments
Deferred income tax assets	139,529,518	0.73%	80,872,862	0.41%	0.32%	Mainly due to the increase in share payment and tax losses
Short-term loans	2,922,679,590	15.29%	3,704,630,909	18.96%	-3.67%	Mainly due to repayment of part of the loan
Long-term loans	2,315,700,000	12.12%	1,554,120,000	7.96%	4.16%	Mainly due to the new issuance of medium-term notes
Long term Accounts payable	529,910,796	2.77%	1,161,794,247	5.95%	-3.18%	Mainly due to the repayment of leverage leases in the current period
Other Comprehensive Income	5,080,234	0.03%	1,948,943	0.01%	0.02%	Mainly due to changes in foreign currency statement translation differences
Special Reserve	6,068,600	0.03%	3,224,938	0.02%	0.01%	Mainly due to increased investment in safety production
Treasury stock	277,180,983	1.45%	417,349,879	2.14%	-0.69%	Mainly due to the first phase of the restricted equity incentive stock unlocked

2. Assets and liabilities measured at fair value

☐ Applicable ☒ Not applicable

3. Limited asset rights as of the end of the report period

Item	Limited amount	Limited reason
Monetary funds	1,320,807	Limited margin transfer
Fix assets	2,381,348,551	Limited of Leveraged lease and Mortgage loan

Total	2,382,669,358	
-------	---------------	--

V. Investment

1. Overall situation

☒ Applicable ☐ Not applicable

Investment in the report period (RMB)	Investment in the same period of last year (RMB)	Changes
814,135,536	1,412,257,374	-42.35%

Reasons for large fluctuation: Mainly due to the decrease in cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets.

2. The major equity investment obtained in the report period

☐ Applicable ☒ Not applicable

3. The major ongoing non-equity investment in the report period

√Applicable □ Not applicable

Unit: RMB 0,000

Project	Way of investment	Fixed asset investment or not	Industry involved	Amount invested in the report period	Accumulative amount actually invested by the end of the report period	Source of funds	Progress of project (ongoing projects)	Expected return	Accumulative revenue achieved by the end of the report period	Reasons for not achieving the planned progress and the expected return	Date of disclosure (if applicable)	Index of disclosure (if applicable)
PV power plant investment	Self-built	Yes	Manufacturing industry	1,306	26,214	Own funds and loans from financial institutions	CSG plans to construct PV power plants within two years from 2016 to 2017. Its wholly-owned subsidiary, Shenzhen CSG PV Energy Co., Ltd. will self-build 200MW and the remaining 140MW will be constructed by CSG with Qibin Group. During 2016 to 2018, Shenzhen CSG PV developed and built a total of 78MW of photovoltaic power stations, including 58MW of distributed photovoltaic power plants and 20MW of centralized photovoltaic power plants.	4,344	2,399	Part of the project has been completed.	January 22, 2016	Notice number: 2016-006
4 million m ² light guide	Self-built	Yes	Manufacturing	9,318	60,776	Own funds and loans from	The Company plans to construct a 4 million square meters PV glass	10,543		The project was transferred to	May 21, 2016	Notice number:

plate and PV glass production line			industry			financial institutions	production line for new type ultra-thin LCD display. The line is also provided with a capacity of higher strength ultra-thin electronic glass than CSG Qingyuan. The equity of Xianning Feng Wei Technology Co., Ltd. has been acquired at 2016 and the project has been done at December.			commercial operation in January 2019.		2016-025
Cold repair upgrading of the first line (600T) of Hebei CSG	Self-built	Yes	Manufacturing industry	12,405	12,405	Own funds and loans from financial institutions	The former 600T line of float glass of Hebei CSG was upgraded to produce 2mm~19mm glass. The project was started on September 26, 2018 and was completed in December 2018.	3,887		The project was transferred to commercial operation in January 2019.	April 9, 2018	Notice number: 2018-012
Yichang CSG Polysilicon wafer capacity technology upgrade project	Self-built	Yes	Manufacturing industry	595	595	Own funds and loans from financial institutions	It is planned to fully implement the diamond wire cutting technology in the production of silicon wafers, introduce the casting single crystal technology and the wet black silicon technology, and upgrade the production capacity of the 1.3 GW polysilicon wafers in the early stage of the company to form an annual output of about 1.2 GW of cast single wafer. And annual production capacity of about 0.8GW wet black silicon wafer.	12,599		No gains as the project is in the construction period	July 28, 2018	Notice number: 2018-040
Qingyuan	Self-built	Yes	Manufacturing industry	34	34	Own funds and	The company plans to adopt an	16,420		No gains as the	December	Notice

CSG Ultra-clean electronic glass and ultra-white special glass production line construction project			turing industry			loans from financial institutions	advanced design concept of one kiln and two lines to build a kiln two-line (80+620T/D) ultra-white electronic and ultra-white special glass production line with a daily melting capacity of 700 tons in Qingyuan CSG. The first line plan is 80T/ D design, will produce 0.33-1.1mm, and consider 2mm production capacity, mainly produces electronic display tempered protective glass for mobile phones. The second-line plan is designed according to 620T/D, with two series of 3-4mm and 15-22mm, 5-12mm as the transition, mainly producing AG anti-glare, "exposure glass" for scanning and copying machine, TCO and battery for thin film battery. Ultra-white special glass such as front plate and back plate.			project is in the construction period	22, 2018	number: 2018-072
Yichang CSG to add a 1GW silicon wafer project	Self-built	Yes	Manufac turing industry	951	46,625	Own funds and loans from financial institutions	CSG has added 1GW capacity of high-efficient polysilicon wafer to achieve 2.2GW capacity of polysilicon wafer. Construction of the first 500 MW capacity of polysilicon wafer was completed in September 2017. The company has decided to stop the implementation of the other 500MW capacity project. For details,	14,853		Project revenue cannot be accounted for separately. The company has decided to stop the implementation of the post-500MW capacity project. For details, please refer to the	January 06, 2016, April 16, 2016, July 28, 2018	Notice number: 2016-001、 2016-018、 2018-040

							please refer to the announcement of the resolution of the extraordinary meeting of the 8th Board of Directors in 2018.			announcement of the resolution of the extraordinary meeting of the 8th Board of Directors in 2018.		
Hebei Panel Glass project of medium-alumina ultra-thin electronic glass	Self-built	Yes	Manufacturing industry		1,266	Own funds	Plan to establish a production line for medium-alumina ultra-thin electronic glass in Hebei Panel Glass, using clean natural gas as the fuel, and produce 0.33mm~1.1mm medium-alumina ultra-thin glass with float process. The project was still in preparation.			The project has no income at present	October 29, 2014	Notice number: 2014-030
Yichang CSG 700MW crystalline silicon solar cell project	Self-built	Yes	Manufacturing industry				Plan to build a crystalline silicon solar cell production line with annual capacity of 700MW. The project was suspended and further investment will be based on actual industry situations.			The project was suspended.	December 25, 2010	Notice number: 2010-046
Expanding 500MW solar module project in Dongguan	Self-built	Yes	Manufacturing industry				Plan to expand the solar module production line with annual capacity of 500MW. The project was suspended and further investment will be based on actual industry situations.			The project was suspended.	January 19, 2011	Notice number: 2011-003
Relocation and equipment upgrading of the solar module	Self-built	Yes	Manufacturing industry				The Company plans to construct a module workshop in Xianning, Hubei Province, of which the final capacity will be 500MW. By relocation of some of the module equipment of its			The project was suspended.	April 16, 2016	Notice number: 2016-018

production line in Dongguan							subsidiary, Dongguan CSG PV Technology Co., Ltd. and purchase of some new equipment, the first stage capacity of the Xianning workshop will be 300MW and, afterwards, it will be expanded to 500MW as required upon the market conditions.					
Solar online self-cleaning coated glass project of Dongguan CSG	Self-built	Yes	Manufacturing industry				The Company plans to construct an online self-cleaning coated glass line in Dongguan.			The project was suspended.	April 16, 2016	Notice number: 2016-018
Malaysia-invested architectural glass plant	Self-built	Yes	Manufacturing industry				The Company plans to construct an architectural glass plant in Negeri Sembilan, Malaysia. The Phase I capacity of the newly-built plant will be 1,200,000 square meters insulating glass and 1,000,000 square meters single coated glass.			The project was suspended.	April 16, 2016	Notice number: 2016-018
Total				24,609	147,915			62,646	2,399			

4. Financial assets investment**(1) Securities investment**

☐ Applicable ☒ Not applicable

There was no securities investment during the report period.

(2) Derivative investment

☐ Applicable ☒ Not applicable

There was no derivative investment during the report period.

5. Use of raised fund

☐ Applicable ☒ Not applicable

There was no such case during the report period.

VI. Sales of major assets and equity**1. Sales of major assets**

☐ Applicable ☒ Not applicable

2. Sales of major equity

☐ Applicable ☒ Not applicable

VII. Analysis of main holding companies and joint -stock companies

☒ Applicable ☐ Not applicable

Particular about main subsidiaries and joint -stock companies which have influence on the Company's net profit by over 10%

Unit: RMB

Name of company	Type	Main business	Registered capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Chengdu CSG Glass Co., Ltd.	Subsidiary	Development, manufacture and sales of various special glass	260 million	994,562,363	592,149,512	1,102,892,837	216,021,025	183,649,322
Xianning CSG Glass Co., Ltd.	Subsidiary	Development and manufacture and sales of various special glass	235 million	824,479,862	465,476,562	776,293,550	112,165,322	103,106,758

Hebei CSG Glass Co., Ltd.	Subsidiary	Manufacture and sales of various special glass	USD 48.06million	956,061,521	481,558,217	636,903,408	84,180,369	73,133,864
Wujiang CSG Glass Co., Ltd.	Subsidiary	Manufacture and sales of various special glass	565.04 million	1,656,890,538	911,692,573	1,570,122,631	171,004,045	151,077,690
Dongguan CSG Architectural Glass Co., Ltd.	Subsidiary	Deep processing of glass	240 million	1,049,779,965	539,555,636	909,090,550	74,320,886	65,406,546
Wujiang CSG East China Architectural Glass Co., Ltd.	Subsidiary	Deep processing of glass	320 million	724,443,891	471,000,692	627,082,830	35,318,141	32,781,305
Qingyuan CSG New energy saving materials Co., Ltd.	Subsidiary	Manufacture and sales of Ultra-thin electronic glass	300 million	750,127,923	357,842,238	262,402,765	88,694,820	75,051,790
Tianjin CSG Energy Conservation Glass Co., Ltd.	Subsidiary	Development, producing and sales of energy-saving special glass	336 million	792,189,031	566,048,091	764,301,802	56,349,550	51,796,569
Dongguan CSG Solar Glass Co., Ltd.	Subsidiary	Manufacture and sales of Solar-Energy Glass products	480 million	1,212,160,906	683,523,571	998,448,249	96,598,422	84,609,919
Yichang CSG Polysilicon Co., Ltd.	Subsidiary	Manufacture and sales of high purity silicon material products	1,467.98 million	3,682,288,014	1,141,662,766	1,296,883,246	-345,412,548	-290,103,454
Shenzhen Nanbo Display Technology Co., Ltd.	Subsidiary	Manufacture and sales of display device products	143 million	1,639,483,612	847,511,566	564,971,827	50,839,765	49,063,159
CSG (Hongkong) Investment Co., Ltd.	Subsidiary	Investment and trading	HKD 1 million	100,963,234	58,745,922	391,387,906	8,599,176	6,384,852

Particular about subsidiaries obtained or disposed in report period

☐ Applicable ☒ Not applicable

Description of the major holding company:

Among the company's major holding companies, the related subsidiaries of the glass business subsidiaries achieved steady growth in 2018 and achieved constantly growth. The electronic glass and display device business segment closely follows the development trend of the industry and enhance the R&D and technology updates, the profitability, competitiveness and brand influence continuously increased. The solar energy industry is facing the adjustment of government policies, and the operation has been under pressure. However, the company responds energetically and explores better, faster and more stable development of the solar energy industry from the strategic layout of the industry's development trend.

VIII. Structured main bodies controlled by the Company

☐ Applicable ☒ Not applicable

IX. Outlook of the Company's future development

1. Tendency of development of the industries the Company involved

Flat glass industry

In 2018, under the policy of supply-side reform and other policies, the regulation and control of production capacity of the flat glass industry was further strengthened. With the stricter enforcement of comprehensive standards such as environmental protection and energy consumption, the elimination of backward production capacity was accelerated. At the end of 2018, some production lines completed cold repair, and the total production capacity of the industry increased slightly compared with 2017. In 2019, the real estate control policy is expected to be appropriately loosened. Although the demand in the real estate sector has declined slightly but the overall demand for glass is basically the same as that in 2018, with the increase in the degree of composite processing of deep processing glass and the expansion of the use of the field applied; As the de-capacity policy continues to be implemented, more stringent emission standards may be implemented, and the supply-demand relationship is expected to shift to tighter supply. In addition, the increase in environmental protection costs in the glass industry will push up the market price, and benefit the CSG Group, which has always been environmentally friendly and has various environmental protection facilities.

Architectural glass industry

With the domestic economic development entering "New Normal", the growth rate of fixed asset investment has slowed down obviously, and the price of upstream float glass has risen all the way, resulting in the decline of the overall profitability of the engineering glass industry since 2017. However, in 2018, CSG further strengthened brand protection and marketing, restructuring the production framework and promotion trend, vigorously developing equipment automation and informationization, cutting down costs and increasing efficiency, and the performance of engineering glass recovered and achieved substantial growth in 2018.

In the long run, Low-E energy-saving glass is the key of construction energy-saving whose permeability has been over 80% in developed countries but less than 15% in China so far. In recent years, Chinese government has expanded more efforts to promote green building. According to Action Plan of Promoting Production and Application of Green Building Material jointly issued by Ministry of Industry and Information Technology and Ministry of Housing and Urban-Rural Development, the ratio of green building material applied will be significantly increased and its quality will be improved dramatically. The proportion of green building material will take up 30% in new building, 50% in green building, 70% in pilot project, and 80% in renovating existing building. High-end energy saving glass as an important part in green building has a huge market demand and the prospects for its development are worth looking forward to. At the same time, the introduction of a new urbanization strategy, Beijing-Tianjin-Hebei integration, Greater Bay District, and the integration of the Yangtze River Delta was upgraded to a national strategy, which will bring new opportunities to the company's engineering glass.

Solar energy industry

China's PV market ranks the first in the world for last six years, with component production ranking first in the world for last 12 years. China has become the number one in the world of photovoltaic power production and application. By the end of 2018, China's PV installed capacity exceeded 170 GW, which has exceeded the basic goal of "Energy Development '13th Five-Year Plan' as '110 million KWH of solar power generation by 2020'". The scale of China's PV industry will continue to expand due to the country's policy guidance for promoting clean energy and the rapid growth of the PV market.

According to the "13th Five-Year Plan for Solar Energy Development", by 2020, photovoltaic will have to achieve the connection to grid at an equal price on the electricity user-side. Therefore, technological innovation will become the main theme of the development of the photovoltaic industry in the future. The drive power of the development of the industry will be turned from government policy to the technology and the market. The influence of single market policy change to the development of the industry will be weakened, but the competition on products will become more intense, and the reshuffle of the manufacturing chain will be intensified. The resources and advantages of the development of the industry will continue to flow to enterprises with strong technological innovation capabilities, "the stronger will be stronger"

Electronic glass and display industry

Although the smartphone and touch screen industries have entered a stable period in the market, brand manufacturers and supply chain enterprises are rapidly diverging, and the "T pattern" is becoming more and more obvious. The concentration of orders to high-quality customers is a positive factor for upstream material manufacturers. With the intensification of market competition, domestic and foreign consumer electronics brand manufacturers have started the work of cost-cutting of key components, which will bring a promising market prospect to domestic electronic glass manufacturers represented by CSG.

In addition, with the commercialization of 5G technology in the future, the Internet of Things will penetrate into every corner of human activities. The concept of things interconnection will greatly promote the industry equipped with human-computer interaction equipment such as smart homes, smart cars and smart home appliances. Performance electronic glass is one of the important components of human-computer interaction equipment. In summary, ultra-thin electronics industry and ultra-thin electronic glass manufacturers including CSG will face new market opportunities and rapid development opportunities.

According to the display industry forecast given by the authoritative research institute Touch Display Research, the global touch display industry revenue will continue to grow in the next decade, but the growth rate will gradually slow down. In this process, OLED display technology, as the most competitive display technology, will gradually occupy the dominant position in the market, especially flexible OLED technology, for its foldable character, becoming a revolutionary technology upgrade. The peripheral material to flexible OLED is expected to occupy a larger market advantage in the future. In addition, in the field of automotive electronics, with the rapid development of new energy vehicles, as well as the development of technologies such as vehicle networking technology, and multi-screen, large-screen or curved surfaces technology integrated automotive touch-control display products will become the standard layout for automobiles, which has a broad market prospect.

2. Company Development Strategy

2019 is the 35th anniversary of the establishment of CSG Group. The company will firmly stick to the strategy of working hard to make the glass industry, as our main business, bigger and stronger, and coordinate the development of electronic glass and display device business, and make efforts to achieve breakthrough in the solar energy industry. On the basis of the high quality endogenous development, the company aims to realize leap-forward extension development by means of making full use of various resources such as market and capital, and through domestic and international mergers & acquisition.

Taking 'industrial optimization, technological innovation, structural readjustment, and systemized lean management' as the main path, the Group's scientific development capability and level shall be continuously improved. By accelerating the development of strategic supporting industries; promoting the focusing cultivated of business to grow into a strategic support industry as soon as

possible; strengthening the work of industries and enterprises under operating pressure; strengthening party building work, building up a strong cadre team and workforce, the company tries its best to build up a solid base for the "Hundred years CSG".

CSG will focus on sharing China's economic development achievements, firmly grasp China's "Belt and Road" strategic opportunity, and actively promote and strengthen its main business through proactive mergers and acquisitions and overseas investment strategies, and continue to enhance the industry position of each business segment. CSG will be made into an internationally influential multinational group with full reach to upstream and downstream of the glass industry.

3. Business Plan of 2019

- ① Improve functions of headquarters, realize general planning management, promote centralized purchase, lean management, exploit its potential and increase efficiency, and ensure the completion of operation construction objective of the Company in 2019;
- ② Improve R&D capacity, build up R&D talent team, and maintain the technical innovation advantage of the Company in the industry;
- ③ Create open, equal, fair and initiative enterprise culture, and strengthen core cohesion of the Company;
- ④ Strengthen talent management, establish remuneration incentive system related to the performance, improve company incentive mechanism, strengthen employee training, and introduce high-quality talents;
- ⑤ Rationally plan asset-liability ratio level and ensure controllable financial risk;
- ⑥ Vigorously conduct potential exploiting and efficiency increase activity, realize energy saving and consumption reduction, and strengthen competitiveness of the Company;
- ⑦ Improve information level of the Company, and create the world first-class information management platform.

4. Capital Requirements, Plan and Sources

In 2019, the company's budget capital expenditure was about 950 million yuan, mainly for the construction of ultra-clean electronic glass and ultra-clean special glass production line, photovoltaic power station investment, PV cellar production line technology upgrade, engineering glass workshop automation and production capacity expansion. The sources of funds are mainly self-owned funds, loans from financial institutions, and public issuance of corporate bonds.

5. Risks and Countermeasures

In 2019, in the face of "New Normal" of domestic economic development and the task of building a "Hundred years CSG", the Company will face the following risks and challenges:

- ① In 2018, under the efforts of the Board of Directors and all employees, daily operation of the Company entered normal and stable operation. However, the Company still faces the risk of insufficient reserves of senior talents for the long-term development of the Company. To cope with aforesaid risks, the Company will take the following measures:
 - A. Construct new corporate culture of CSG as soon as possible, establish an kind of open, equal, fair and enterprising corporate culture, and reinforce internal core cohesion of employees;
 - B. Establish remuneration incentive system which related to performance and improve employee incentive mechanism;
 - C. Strengthen internal employee training, introduce external high-quality talent, and rapidly establish a high-quality talent team;
 - D. Establish sustainable talent recruitment, cultivation, utilization, retaining, and development management system; create a future-oriented human resource production, development, supply system that can support the future development of CSG.
- ② The glass industry continue to face the pressure of downward demand and horizontal competition, the solar energy and PV industry will face the risk of industrial integration and price fluctuation, display devices and electronic glass industry will encounter the risk of accelerated technical upgrading and slow demand on electronic product. To cope with aforesaid risks, the Company will

take the following measures:

A. In the flat glass industry, the Company will accelerate the technical upgrading and reform of existing production line to realize differential operation, expand industrial scale and strengthen industrial competitiveness through industrial M&A;

B. In architectural glass industry, the Company will strengthen the development of high-end market and overseas market, actively develop traditional residence market, and at the same time, maintain the industrial advantageous position of the Company through market-oriented extension of industrial chain;

C. In the solar photovoltaic industry, the company continues to improve the level of polysilicon production technology, enhance wafer technology and capacity, upgrade the cell PERC technology, and accelerate the layout of solar power plants.

D. In electronic glass and display devices industry, the Company will strengthen research and development of new technology, new product, maintain its technical leading advantage in the industry, and further improve the product quality of ultra-thin electronic glass, so as to rapidly develop terminal market and improve industrial profitability.

③ Since 2018, the market price of glass and solar energy PV industrial has fluctuated greatly. At the same time, the prices of upstream raw materials have fluctuated, and the current rising labor costs have brought risks to the Company's operations.

To cope with risk, the Company will take the following measures:

A. Vigorously exploit potential and increase efficiency, and effectively implement energy saving and consumption reduction;

B. Focus on the market change, and lock the price of bulk commodity at proper time;

C. Utilize bulk purchase advantage to reduce purchase cost;

D. Improve automatic production level, raise labor productivity.

④ Risk of fluctuation of foreign exchange rate: At present, nearly 13.84% of the sales revenue of the Company is from overseas, in the future, the Company will further develop overseas business, and therefore, the fluctuation of exchange rate will bring certain risk to the operation of the Company. To cope with such risk, the Company will settle exchange in time and use safe and effective risk evading instrument and product to relatively lock exchange rate and reduce the risk caused by fluctuation of exchange rate.

X. Reception of research, communication and interview

1. Particulars about research, communication and interview in the report period

√Applicable □ Not applicable

Reception time	Way	Type	Basic information index of investigation
2018-1-16	Field research	Institute	Details can be found in the Record Chart of the Investor Relation Activity disclosed on Juchao website (www.cninfo.com.cn) on 18 January 2018.

Reception times	1
Number of reception institutions	15
Number of reception person	-
Number of other reception	-
Disclosed, released or let out major undisclosed information	No

Section V. Important Events

I. Profit distribution plan of common shares and capitalization of capital reserve plan of the Company

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

√ Applicable □ Not applicable

The profit distribution plan for 2017 was approved by Annual General Shareholders' Meeting of 2017 held on 14 May 2018 which distributed distributing cash dividend of RMB 0.5 (tax included) for every 10 shares to all shareholders and transferred capital reserve into capital with 1.5 shares for every 10 shares to all shareholders. Notice of the distribution was published on *China Securities Journal*, *Securities Times*, *Shanghai Securities News* and *Hong Kong Commercial Daily* on 20 June 2018, and the profit has been distributed.

Special explanation on cash dividend policy	
Satisfy regulations of General Meeting or requirement of Article of Association (Yes/No)	Yes
Well-defined and clearly dividend standards and proportion (Yes/No)	Yes
Completed relevant decision-making process and mechanism (Yes/No)	Yes
Independent directors perform duties completely and play a proper role (Yes/No)	Yes
Minority shareholders have ample opportunities and their legitimate rights and interests are effectively protected (Yes/No)	Yes
Condition and procedures are compliance and transparent while the cash bonus policy adjusted or changed (Yes/No)	Yes

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

Statement on profit distribution plan and capitalization of capital reserve proposal of the Company in 2018: based on currently 2,863,277,201 shares of the total share capital, distributing cash dividend of RMB 0.5 (tax included) for every 10 shares to all shareholders. Meanwhile the Company will transfer capital reserve into capital with 1 share for every 10 shares to all shareholders based on 2,863,277,201 shares of the total share capital.

Statement on profit distribution plan and capitalization of capital reserve plan of the Company in 2017: based on 2,484,147,547 shares of the total share capital while dividends will be distributed, distributing cash dividend of RMB 0.5 (tax included) for every 10 shares to all shareholders. Meanwhile the Company will transfer capital reserve into capital with 1.5 shares for every 10 shares to all shareholders based on 2,484,147,547 shares of the total share capital.

Statement on profit distribution plan and capitalization of capital reserve plan of the Company in 2016: based on 2,075,335,560 shares of the total share capital while dividends will be distributed, distributing cash dividend of RMB 1.00 (tax included) for every 10 shares to all shareholders. Meanwhile the Company will transfer capital reserve into capital with 1.5 shares for every 10 shares to all shareholders based on 2,075,335,560 shares of the total share capital.

Cash dividend in latest three years (including the report period)

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	cash dividend by other ways (such as repurchase shares)	proportion for cash dividends in other ways to the net profit attributable to ordinary shareholders of listed companies in the consolidated statements	Amount for cash dividend (including other ways)	Net profit attributable to shareholders of listed company in consolidation statement for bonus year (including other ways)
2018	143,163,860	452,965,935	31.61%		0%	143,163,860	31.61%
2017	124,207,377	825,388,312	15.05%		0%	124,207,377	15.05%
2016	207,533,556	797,721,576	26.02%		0%	207,533,556	26.02%

Note:

1. The actual amount of the cash dividend distributed and capital reserve transferred will be determined according to the total share capital on the capital reserved registration date for profit distribution implementation.
2. Dividends from equity incentives for restricted shares are distributed by the company itself.

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

☐ Applicable ☒ Not applicable

II. Proposal of profit distribution preplan or share conversion from capital public reserve in the report period

☒ Applicable ☐ Not applicable

Distributing bonus shares for every 10 shares (share)	-
Distributing cash dividend for every 10 shares (tax included) (RMB)	0.5
Shares added for every 10-share base (Share)	1
Equity base for distribution preplan (share)	2,863,277,201
Total amount distribution in cash (RMB) (tax included)	143,163,860
Cash dividend amount in other ways (such as repurchasing shares) (RMB)	-
Total cash dividends (including other methods) (RMB)	143,163,860
Profit available for distribution (RMB)	440,114,948
Cash distributing accounted for the proportion of the total amount of profit distribution (including other methods)	100%
Particular about cash dividend in the period	
If the Company's development stage is not easy to distinguish but there are major capital expenditure arrangements, when the profit is distributed, the proportion of cash dividends in this profit distribution should be at least 20%.	

Details of proposal of profit distribution preplan or share conversion from capital public reserve

According to the financial report audited by Asia Pacific (Group) CPAs (special general partnership), the net profit attributable to equity holders of the Company in consolidated statement was RMB 452,965,935 and combined capital reserve was 1,095,339,421 in 2018.

Since cash dividend distribution bases on the distributable profit of parent company, the Company took 10% of the net profit as stationary surplus reserve which was RMB 3,713,043 based on the net profit RMB 37,130,433 of parent company statement 2018. The allocation for Shareholders in 2018 was RMB 440,114,948.

The Board of Directors proposed to distribute every shareholder RMB 0.5 (including tax) for each 10 shares based on the amount 2,863,277,201 shares, and the total amount distribution is RMB 143,163,860 (including tax), and transfer capital reserve into capital with 1 share for every 10 shares to all shareholders based on 2,863,277,201 shares of the total share capital. With total transferred amount of 286,327,720 shares, the total share capital of the Company will be changed from 2,863,277,201 shares to 3,149,604,921 shares. 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 actual amount of the cash dividend distributed and capital reserve transferred will be determined according to the total share capital on the capital reserved registration date for profit distribution implementation when the company implements the profit distribution plan. The above profit distribution proposal must be submitted to the 2018 Annual General Meeting of shareholders.

III. Implementation of commitment

1. Commitments completed by the actual controllers, the shareholders, the related parties, the purchasers, the Company or the other related parties during the report period and those hadn't been completed execution by the end of the report period

√Applicable □ Not applicable

Commitments	Promisee	Type of commitments	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.	Commitment of share reduction	The Company has implemented share merger reform in May 2006. Till June 2009, 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	2006-5-22	N/A	By the end of the report period, the above shareholders of the Company had strictly carried out their promises.

			Holdings Limited (hereinafter Shenzhen International for short) listed in Hong Kong united stock exchange main board. Shenzhen International made commitment that it would strictly carry out related 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	Foresea Life Insurance Co., Ltd, Shenzhen Jushenghua Co., Ltd. and Chengtai Group Co., Ltd.	Commitment of horizontal competition, affiliate Transaction and capital occupation	Foresea Life Insurance Co., Ltd., Shenzhen Jushenghua Co., Ltd. and Chengtai Group Co., Ltd. issued detailed report of equity change on 29 June 2015, in which, they undertook to keep independent from CSG in aspects of personnel, assets, finance, organization set-up and business as long as Foresea Life Insurance remained the largest shareholder of CSG. Meanwhile, they made commitment on regularizing related transaction and avoiding industry competition.	2015-6-29	During the period when Foresea Life remains the largest shareholder of the Company	By the end of the report period, the above shareholders of the Company had strictly carried out their promises.
Commitments in assets	Not applicable					

reorganization						
Commitments in initial public offering or re-financing	Not applicable					
Equity incentive commitment	The listed company		CSG has promised not to provide loans and other forms of financial assistance for restricted stocks for the incentive targets under this plan, including providing guarantees for their loans.	2017-10-10	During the implementation of the equity incentive plan	The commitment is in normal performance.
Other commitments for medium and small shareholders	Not applicable					
Completed on time(Yes/No)	Yes					
If the commitments is not fulfilled on time, explain the reasons and the next work plan	Not applicable					

2. If there are assets or projects of the Company, which has profit forecast and the report period is still in forecasting period, the Company should explain reasons why they reach the original profit forecast

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

There was no non-operating fund of listed company which is occupied by controlling shareholder and its affiliated enterprises in the report period.

V. Explanation from Board of Directors, Supervisory Committee and Independent Directors (if applicable) for “Non-standard audit report” of the period that issued by CPA

☐ Applicable ☒ Not applicable

VI. Particulars about the changes in aspects of accounting policy, accounting estimate and calculation method compared with the financial report of last year

☒ Applicable ☐ Not applicable

On October 29, 2018, the 7th meeting of the 8th Board of Directors reviewed and approved the “Proposal on Changes in Accounting Policies”. This accounting policy change was issued on June 15, 2018, according to the Ministry of Finance. *Notice of the Financial Statement Format of the Enterprise (Accounting (2018) No. 15)*, the revision of the financial statement format of the general enterprise. According to the notification requirements, the company adjusted the relevant content of the accounting policy accordingly. The company's “Accounts receivable”, “Notes receivable”, “Accounts payable”, “Notes payable”, “Dividends receivable”, “Interest receivable” and “Interest payable” “Dividends payable”, “Fixed assets”, “Fixed assets”, “Engineering materials”, “Construction in progress”, “Special payables”, “long-term payables”, “management expenses”, “financial expenses”, etc. on the original balance sheet and income statement. Subjects are subject to adjustments and will be implemented in accordance with the relevant provisions of the Ministry of Finance's *Notice on Amending the 2018 Annual General Financial Statement Format*.

Others are still implemented in accordance with the *Enterprise Accounting Standards - Basic Standards* promulgated by the Ministry of Finance and the specific accounting standards, application guidelines for business accounting standards, corporate accounting standards interpretation announcements and other relevant regulations.

The Company has conducted necessary communication with the accounting firm on this matter.

VII. Description of major accounting errors within report period that need retrospective restatement

☐ Applicable ☒ Not applicable

There were no major accounting errors within report period that need retrospective restatement.

VIII. Description of changes in consolidation statement's scope compared with the financial report of last year

☒ Applicable ☐ Not applicable

On February 11, 2018, the group established Qingyuan CSG quartz material Co., Ltd. As of December 31, 2018, the group has made a monetary capital contribution of 6 million yuan, and the group holds 100% of its shares.

On March 30, 2018, the group established Dongguan CSG Jingyu new material Co., Ltd. As of December 31, 2018, the group has made a monetary capital contribution of 24 million yuan, and the group holds 80% of its shares.

On May 22, 2018, the group set up Changshu CSG new energy Co., Ltd. As of December 31, 2018, the group has not invested, and the group holds 100% of its shares.

IX. Engaging and dismissing of CPA firm

CPA firm engaged

Name of domestic CPA firm	Asia Pacific (Group) CPAs (special general partnership)
Remuneration for domestic CPA firm (RMB 0,000)	300
Continuous life of auditing service for domestic CPA firm	1
Name of domestic CPA	Zhao Qingjun, Zhou Xianhong
Continuous life of auditing service for domestic CPA	1

Whether changed accounting firms in this period or not

☐ Yes ☒ No

Whether changed the accounting firm during the audit period or not

☐ Yes ☒ No

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

☒ Applicable ☐ Not applicable

Asia Pacific (Group) CPAs (special general partnership) was engaged as audit institute of internal control for the Company in the report period, and contracted charges was RMB 0.30 million (not including traveling and accommodation expenses).

X. Particular about the Company suspended from the stock market listing and delisting after the disclosure of the annual report

☐ Applicable ☒ Not applicable

XI. Issues related to bankruptcy and reorganization

☐ Applicable ☒ Not applicable

XII. Significant lawsuits and arbitrations

☐ Applicable ☒ Not applicable

XIII. Penalty and rectification

☐ Applicable ☒ Not applicable

XIV. Integrity of the Company and its controlling shareholders and actual controllers

☐ Applicable ☒ Not applicable

XV. Implementation of the Company's stock incentive plan, employee stock ownership plan or other employee incentives

☒ Applicable ☐ Not applicable

On Oct. 10, 2017, the 3rd Meeting of the 8th 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 Restricted A-shares Incentive Plan of CSG Holding Co., Ltd and the Resolution 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 Third Meeting of the Eighth Session of the Board of Directors published in www.cninfo.com.cn Oct.11, 2017. (Announcement No.: 2017-063). The Company's independent directors issued independent opinions on the issues involved with restricted A- shares incentive plan.

On Oct. 26, 2017, the Company convened the 5th Extraordinary General Meeting in 2017, which deliberated and approved the above three proposals. The Resolution on Adjusting the Object and Quantity Granted of 2017 Restricted A-share Incentive Plan and the

Resolution on Firstly Granted Restricted Shares to the Object of 2017 Restricted A-share were deliberated and approved on the 21st provisional meeting of the eighth session board of directors convened on Dec. 11th, 2017. It determined to grant 97,511,654 restricted shares to 454 objects on Dec. 11, 2017, with price at RMB4.28/share. The reserved restricted shares was 17,046,869 shares.

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

On July 20, 2018, the company held the extraordinary meeting of the 8th Board of Directors and the extraordinary meeting of the 8th Board of Supervisors, and reviewed and approved the Proposal on Repurchase and Restricting Partially Restricted Stocks of Restricted Stock Incentive Plan. The independent director of the company issued a consent. Opinions; and on August 6, 2018, the second extraordinary shareholders meeting in 2018 was approved. As of September 10, 2018, the company has completed the cancellation procedures for the above-mentioned restricted stocks at China Securities Depository and Clearing Co., Ltd. Shenzhen Branch. 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 convened an extraordinary meeting of the 8th Board of Directors and an ad hoc meeting of the 8th Board of Supervisors, and reviewed and approved the Proposal on Granting Restricted Stocks to the 2017 Restricted Stock Incentive Plan for Incentive Objects. The grant date for the second reserved restricted stock was September 13, 2018, and the company agreed to grant a total of 9,826,580 reserved restricted stocks to 75 incentive targets at a price of 3.68 yuan/share. The independent directors have issued independent opinions on the above proposal, and the company's supervisory board has once again verified the list of incentive targets on the grant date. The shares granted have been registered in the Shenzhen Branch of China Registration and Clearing Corporation and listed on September 28, 2018. The total number of shares of the company has changed from 2,853,450,621 shares to 2,863,277,201 shares.

On December 12, 2018, the company held the extraordinary meeting of the 8th Board of Directors and the extraordinary meeting of the 8th Board of Supervisors, and reviewed and approved the Proposal on Repurchase and Restricting Partially Restricted Stocks of Restricted Stock Incentive Plan, and reviewed and agreed to repurchase 8 people who have not achieve the requirement and write off. The total number of all restricted stocks that were not eligible for the original incentives but not yet released was limited to 436,719 shares, and was approved by the third extraordinary general meeting of 2018 on December 28, 2018. The above restricted stock has not completed the cancellation procedure.

On December 12, 2018, the company held the extraordinary meeting of the 8th Board of Directors and the 8th Extraordinary Meeting of the Board of Supervisors, and reviewed and approved the first release of the company's 2017 A-share restricted stock incentive plan for the first time. In addition to the fact that the eight incentive targets have not been able to lift the restrictions on sales, the total number of incentives for the conditions for lifting the restrictions is 431, and the number of restricted stocks that can be unlocked is 43,353,050 shares, accounting for the current company. 1.51% of the total share capital. The board of supervisors, independent directors, and law firms issued separate opinions. The date of the restricted stock release date is December 21, 2018.

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

XVI. Major related transaction

1. Related transaction with routine operation concerned

☐ Applicable ☒ Not applicable

There was no related transaction with routine operation concerned in the report period.

2. Related transaction with acquisition of assets or equity, sales of assets or equity concerned

☐ Applicable ☒ Not applicable

There was no related transaction with acquisition of assets or equity, sales of assets or equity concerned in the report period.

3. Related transaction with jointly external investment concerned

☐ Applicable ☒ Not applicable

There was no related transaction with jointly external investment concerned in the report period.

4. Credits and liabilities with related parties

☐ Applicable ☒ Not applicable

There were no credits and liabilities with related parties in the report period.

5. Other major related transaction

☐ Applicable ☒ Not applicable

There was no other major related transaction in the report period.

XVII. Significant contracts and their implementation**1. Trusteeship, contracting and leasing****(1) Trusteeship**

☐ Applicable ☒ Not applicable

No trusteeship for the Company in the report period.

(2) Contract

☐ Applicable ☒ Not applicable

No contract for the Company in the report period.

(3) Leasing

☐ Applicable ☒ Not applicable

No leasing for the Company in the report period.

2. Major guarantees

☒ Applicable ☐ Not applicable

(1) Guarantee

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)
Chengdu CSG Glass Co.,Ltd.	2017-7-31	5,000	2017-8-16	5,000	Joint liability guarantee	1 year	Yes	No
Dongguan CSG Architectural Glass Co., Ltd.	2017-7-31	11,200	2017-8-11	10,000	Joint liability guarantee	1 year	Yes	No
Dongguan CSG Architectural Glass Co., Ltd.	2017-1-13	18,000	2017-2-9	13,000	Joint liability guarantee	1 year	Yes	No
Xianning CSG Glass Co., Ltd.	2017-7-31	7,000	2017-8-11	2,000	Joint liability guarantee	1 year	Yes	No
Xianning CSG Glass Co., Ltd.	2017-7-31	10,000	2017-9-12	1,000	Joint liability guarantee	1 year	Yes	No
Sichuan CSG Energy Conservation Glass Co., Ltd.	2017-7-31	7,000	2017-8-11	2,000	Joint liability guarantee	1 year	Yes	No
Sichuan CSG Energy Conservation Glass Co., Ltd.	2017-1-23	5,000	2017-4-11	2,000	Joint liability guarantee	1 year	Yes	No
Wujiang CSG Glass Co., Ltd.	2016-8-12	10,000	2017-3-7	5,000	Joint liability guarantee	1 year	Yes	No
Wujiang CSG Glass Co., Ltd.	2017-11-27	10,000	2017-11-30	3,000	Joint liability guarantee	1 year	Yes	No
Wujiang CSG East China Architectural Glass Co., Ltd.	2016-8-12	10,000	2017-4-28	6,000	Joint liability guarantee	1 year	Yes	No
Wujiang CSG East China Architectural	2017-11-27	10,000	2017-11-30	3,000	Joint liability guarantee	1 year	Yes	No

Glass Co., Ltd.								
Wujiang CSG East China Architectural Glass Co., Ltd.	2017-7-31	10,000	2017-9-14	10,000	Joint liability guarantee	1 year	Yes	No
Dongguan CSG Solar Glass Co., Ltd.	2017-7-31	15,000	2017-8-11	2,800	Joint liability guarantee	1 year	Yes	No
Yichang Nanbo Display Co., Ltd.	2017-5-31	3,648	2017-6-2	3,600	Joint liability guarantee	1 year	Yes	No
Tianjin CSG Energy-Saving Glass Co., Ltd.	2016-8-12	10,000	2017-2-14	2,000	Joint liability guarantee	1 year	Yes	No
Dongguan CSG PV-tech Co., Ltd.	2017-5-22	15,000	2017-6-15	4,680	Joint liability guarantee	1 year	Yes	No
Yichang CSG Polysilicon Co., Ltd.	2017-8-7	6,600	2017-8-25	4,000	Joint liability guarantee	1 year	Yes	No
Yichang CSG Polysilicon Co., Ltd.	2017-6-23	30,000	2017-7-10	5,000	Joint liability guarantee	1 year	Yes	No
Qingyuan CSG New Energy-Saving Materials Co., Ltd.	2017-9-15	5,000	2017-9-22	2,495	Joint liability guarantee	1 year	Yes	No
Zhanjiang CSG New Energy Co., Ltd.	2017-7-31	9,000	2017-9-26	7,650	Joint liability guarantee	3 years	No	No
Xianning CSG Photovoltaic Glass Co., Ltd.	2016-8-12	30,000	2017-1-3	19,000	Joint liability guarantee	3 years	No	No
Xianning CSG Photovoltaic Glass Co., Ltd.	2017-7-31	20,000	2017-9-7	8,300	Joint liability guarantee	3 years	No	No
Yichang Nanbo Photoelectric Glass Co., Ltd.	2017-5-22	5,472	2017-5-26	5,400	Joint liability guarantee	3 years	No	No
Yichang Nanbo Photoelectric Glass Co., Ltd.	2016-12-14	2,432	2017-5-23	2,400	Joint liability guarantee	1 year	Yes	No
Yichang Nanbo Photoelectric Glass Co., Ltd.	2017-5-22	10,032	2017-5-31	5,549	Joint liability guarantee	3 years	No	No
Yichang CSG Polysilicon Co., Ltd.	2017-5-22	20,000	2017-6-22	9,928	Joint liability guarantee	3 years	No	No

Dongguan CSG PV-tech Co., Ltd.	2017-11-27	20,000	2017-12-20	13,681	Joint liability guarantee	3 years	No	No
Wujiang CSG Glass Co., Ltd.	2017-8-28	30,000	2017-9-13	20,000	Joint liability guarantee	3 years	No	No
Xianning CSG Glass Co., Ltd.	2017-8-28	25,000	2017-9-18	14,583	Joint liability guarantee	3 years	No	No
Dongguan CSG Solar Glass Co., Ltd.	2017-8-7	20,000	2017-9-22	16,500	Joint liability guarantee	3 years	No	No
Yichang CSG Polysilicon Co., Ltd.	2017-6-23	20,000	2017-6-28	11,214	Joint liability guarantee	3 years	No	No
Sichuan CSG Energy Conservation Glass Co., Ltd.	2017-9-25	15,000	2017-9-30	8,750	Joint liability guarantee	3 years	No	No
Hebei CSG Glass Co., Ltd.	2017-10-10	20,000	2017-10-30	13,679	Joint liability guarantee	3 years	No	No
Chengdu CSG Glass Co., Ltd.	2017-9-25	20,000	2017-9-28	12,828	Joint liability guarantee	3 years	No	No
Wujiang CSG Glass Co., Ltd.	2017-11-27	10,000	2017-11-30	3,000	Joint liability guarantee	1 year	Yes	No
Dongguan CSG Architectural Glass Co., Ltd.	2017-1-13	18,000	2017-2-9	13,000	Joint liability guarantee	1 year	Yes	No
Wujiang CSG Glass Co., Ltd.	2017-8-28	10,000	2017-9-20	2,000	Joint liability guarantee	1 year	Yes	No
Wujiang CSG Glass Co., Ltd.	2017-11-27	10,000	2017-11-30	1,000	Joint liability guarantee	1 year	Yes	No
Wujiang CSG East China Architectural Glass Co., Ltd.	2017-11-27	10,000	2017-11-30	1,000	Joint liability guarantee	1 year	Yes	No
Yichang CSG Polysilicon Co., Ltd.	2017-6-23	30,000	2017-7-10	5,000	Joint liability guarantee	1 year	Yes	No
Wujiang CSG Glass Co., Ltd.	2017-8-28	10,000	2017-9-20	5,000	Joint liability guarantee	1 year	Yes	No
Wujiang CSG East China Architectural Glass Co., Ltd.	2017-11-27	10,000	2017-11-30	2,000	Joint liability guarantee	1 year	Yes	No
Chengdu CSG Glass Co., Ltd.	2017-5-22	5,000	2018-4-2	4,500	Joint liability guarantee	1 year	No	No
Sichuan CSG Energy	2017-5-2	5,000	2018-4-8	2,700	Joint liability	1 year	No	No

Conservation Glass Co., Ltd.					guarantee			
Wujiang CSG Glass Co., Ltd.	2017-11-27	10,000	2018-3-7	2,000	Joint liability guarantee	1 year	Yes	No
Chengdu CSG Glass Co., Ltd.	2018-7-21	6,500	2018-8-10	4,500	Joint liability guarantee	1 year	No	No
Xianning CSG Glass Co., Ltd.	2017-7-31	7,000	2017-8-11	2,000	Joint liability guarantee	1 year	Yes	No
Wujiang CSG Glass Co., Ltd.	2018-3-9	10,000	2018-6-28	3,500	Joint liability guarantee	1 year	No	No
Wujiang CSG Glass Co., Ltd.	2017-8-28	10,000	2017-9-20	1,000	Joint liability guarantee	1 year	Yes	No
Wujiang CSG Glass Co., Ltd.	2018-8-11	10,000	2018-9-11	8,000	Joint liability guarantee	1 year	No	No
Wujiang CSG Glass Co., Ltd.	2018-8-11	5,000	2018-11-30	2,551	Joint liability guarantee	1 year	No	No
Dongguan CSG Solar Glass Co., Ltd.	2017-11-27	3,200	2018-6-14	3,000	Joint liability guarantee	1 year	No	No
Tianjin CSG Energy-Saving Glass Co., Ltd.	2018-4-9	5,000	2018-6-22	2,000	Joint liability guarantee	1 year	No	No
Wujiang CSG East China Architectural Glass Co., Ltd.	2017-11-27	10,000	2017-11-30	1,000	Joint liability guarantee	1 year	Yes	No
Xianning CSG Energy-Saving Glass Co., Ltd.	2017-7-31	7,000	2017-8-11	3,000	Joint liability guarantee	1 year	Yes	No
Dongguan CSG Architectural Glass Co., Ltd.	2018-7-21	11,200	2018-8-10	4,000	Joint liability guarantee	1 year	No	No
Dongguan CSG Architectural Glass Co., Ltd.	2018-8-11	18,000	2018-10-30	18,000	Joint liability guarantee	1 year	No	No
Dongguan CSG Architectural Glass Co., Ltd.	2018-7-21	11,200	2018-8-10	2,145	Joint liability guarantee	1 year	No	No
Xianning CSG Glass Co., Ltd.	2018-7-21	5,000	2018-8-10	3,000	Joint liability guarantee	1 year	No	No
Hebei Shichuang	2018-7-21	1,500	2018-8-10	638	Joint liability	1 year	No	No

Glass Co., Ltd.					guarantee			
China Southern Glass (Hong Kong) Ltd.	2018-7-21	6,572	2018-8-10	6,572	Joint liability guarantee	1 year	No	No
Sichuan CSG Energy Conservation Glass Co., Ltd.	2018-7-21	6,500	2018-8-10	2,000	Joint liability guarantee	1 year	No	No
Sichuan CSG Energy Conservation Glass Co., Ltd.	2018-7-21	6,500	2018-8-10	1,932	Joint liability guarantee	1 year	No	No
Wujiang CSG East China Architectural Glass Co., Ltd.	2018-8-11	10,000	2018-09-11	6,000	Joint liability guarantee	1 year	No	No
Dongguan CSG Solar Glass Co., Ltd.	2018-7-21	15,000	2018-8-10	3,200	Joint liability guarantee	1 year	No	No
Dongguan CSG Solar Glass Co., Ltd.	2018-7-21	15,000	2018-8-10	693	Joint liability guarantee	1 year	No	No
Tianjin CSG Energy-Saving Glass Co., Ltd.	2018-7-21	2,000	2018-8-10	2,000	Joint liability guarantee	1 year	No	No
Dongguan CSG PV-tech Co., Ltd.	2018-7-3	20,000	2018-8-21	5,527	Joint liability guarantee	1 year	No	No
Qingyuan CSG New Energy-Saving Materials Co., Ltd.	2018-8-11	4,330	2018-10-23	1,910	Joint liability guarantee	1 year	No	No
Yichang Nanbo Photoelectric Glass Co., Ltd.	2018-7-21	1,520	2018-09-26	100	Joint liability guarantee	1 year	No	No
Xianning CSG Energy-Saving Glass Co., Ltd.	2018-7-21	5,000	2018-8-10	2,000	Joint liability guarantee	1 year	No	No
Dongguan CSG PV-tech Co., Ltd.	2017-5-22	10,500	2017-6-15	5	Joint liability guarantee	3 years	Yes	No
Total amount of approving guarantee for subsidiaries in report period (B1)		312,621		Total amount of actual occurred guarantee for subsidiaries in report period (B2)		387,510		
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)		453,526		Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)		257,530		

Total amount of guarantee of the Company(total of three abovementioned guarantee)			
Total amount of approving guarantee in report period (A1+B1+C1)	312,621	Total amount of actual occurred guarantee in report period (A2+B2+C2)	387,510
Total amount of approved guarantee at the end of report period (A3+B3+C3)	453,526	Total balance of actual guarantee at the end of report period (A4+B4+C4)	257,530
The proportion of the total amount of actual guarantee in the net assets of the Company(that is A4+ B4+C4)		28.29%	
Including:			
Total amount of the aforesaid three guarantees(D+E+F)			
Amount of guarantee for shareholders, actual controller and its related parties(D)			
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(E)			
Proportion of total amount of guarantee in net assets of the Company exceed 50%(F)			
Total amount of the aforesaid three guarantees(D+E+F)			
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if any)		Nil	
Explanations on external guarantee against regulated procedures (if any)		Nil	
Explanations on Guarantee of the Company for the subsidiaries		The total Guarantee limit was 3,126.21million in the reporting period, and the new Guarantee limit was 1,758.22million, the Company and one of subsidiary Yichang CSG Polysilicon Co., Ltd. jointly guaranteed for Dongguan CSG PV-tech Co., Ltd.	

(2) Illegal external guarantee

☐ Applicable ☒ Not applicable

No Illegal external guarantee in the report period.

3. Entrust others to manage cash assets

(1) Entrusted Financing

☒ Applicable ☐ Not applicable

Overview of Entrusted Financing in the report period

Unit: RMB 0,000

Type	Sources of funds	Amount of occurrence	Unexpired balance	Overdue outstanding amount
------	------------------	----------------------	-------------------	----------------------------

Type	Sources of funds	Amount of occurrence	Unexpired balance	Overdue outstanding amount
Bank financial products	Own funds	117,000		
Brokerage financial products	Own funds	65,000		
Total		182,000		

The specific circumstances of high-risk entrusted financing with large individual amount or low security, poor liquidity, and no cost protection

☐ Applicable ☒ Not applicable

Entrusted financing appears to be unable to recover the principal or there may be other circumstances that may result in impairment

☐ Applicable ☒ Not applicable

(2) Entrusted loans

☒ Applicable ☐ Not applicable

Unit: RMB 0,000

Accrued of loan	Amount of loan	Unexpired balance	Overdue outstanding amount
30,000	Own funds	30,000	

Note: Mar.22.2019, Above loans capital and income has been withdrew.

The specific circumstances of high-risk entrusted loan with large individual amount or low security, poor liquidity, and no cost protection

☐ Applicable ☒ Not applicable

Entrusted loan appears to be unable to recover the principal or there may be other circumstances that may result in impairment

☐ Applicable ☒ Not applicable

4. Other material contracts

☐ Applicable ☒ Not applicable

No other material contracts for the Company in the report period.

XVIII. Social responsibilities

1. Performance of social responsibilities

2018 Annual Social Responsibilities Report of CSG was the 11th year the Company consecutively released social responsibilities report. The report emphasized the year of 2018, systemically formulated the Company concrete actions of how to positively perform the social responsibilities, and the efforts to implement the scientific development perspective, build a harmonious society, and advance the sustainable development of economic and society. See the full report on www.cninfo.com.cn.

2. Circumstances related to environmental protection

Whether the listed company and its subsidiaries belong to the key pollutant discharge units announced by the environmental protection department

Name of Company or subsidiary	Name of major pollutants and characteristic contaminants	Way of emission	Number of Exhaust vent	Exhaust vent distribution	Emission concentration	Implementation of pollutant emission standards	Total emission	Approved total emission	Excessive emissions
Xianning CSG Glass Co., Ltd.	Dust\Soot\SO ₂ \Nitrogen oxide	Discharge after the treatment of denitrification and dust removal	16	Chimney, Exhaust vent	Dust≤30mg/m ³ ; Soot≤40 mg/m ³ ; SO ₂ ≤300 mg/m ³ ; NOx≤350 mg/m ³ ;	《Emission standard of air pollutants for flat glass industry》(GB26453-2011)	Particulates:39.81t; SO ₂ :636.5t; NOx:1113.89t/a	Particulates:96.82t/a; SO ₂ :636.5t/a; Nitrogen oxides:1113.89t/a	Reach the discharge standard
Chengdu CSG Glass Co., Ltd	dust \ soot \ SO ₂ \ Nitrogen oxide	Discharge after the treatment of denitrification and dust removal	15	chimney, exhaust vent	dust≤30mg/m ³ ; soot≤30mg/m ³ ; SO ₂ ≤304mg/m ³ ; NOx≤350mg/m ³ 。	《Emission standard of air pollutants for flat glass industry》(GB26453-2011)	Particulates:72.4t; SO ₂ :791.3t; NOx :920.7t。	Particulates:129.395t/a; SO ₂ :1035.162t/a; NOx:1811.536t/a。	Reach the discharge standard
Hebei CSG Glass Co., Ltd.	Particulates \ SO ₂ \ Nitrogen oxide	Discharge after denitrification, desulfurization and dust removal treatment	10	chimney, exhaust vent	dust≤30mg/m ³ ; soot≤30mg/m ³ ; SO ₂ ≤304mg/m ³ ; NOx≤350mg/m ³ 。	《Emission standard of air pollutants for flat glass industry》DB13/2168-2015 Hebei local standard	Particulates:7.4t; SO ₂ :37.4t; NOx :176.6t。	Particulates:59.78t/a; SO ₂ :498.18t/a; NOx:982.2t/a。	Reach the discharge standard
Qingyuan CSG New Energy-Saving Materials Co., Ltd	SO ₂ \ Nitrogen oxide	Discharge after the treatment of denitrification and dust removal	4	chimney, exhaust vent	SO ₂ ≤20mg/m ³ ; NOx≤200mg/m ³ 。	《Emission standard of air pollutants for flat glass industry》(GB26453-2011)	SO ₂ :5t; NOx :34.6t。	SO ₂ :15.228t/a; NOx :110.28t/a。	Reach the discharge standard
Yichang	PH\COD\	Discharged to	3	Sewage vent	PH:6-9;	《Sewage	COD: 37.5t;	COD:	Reach the

CSG Polysilicon Co., Ltd	Ammonia nitrogen \ Fluoride	the sewage treatment plant after being treated by the Company's sewage treatment station.			COD≤500mg/L; Fluoride≤10 mg/L。	Integrated Emission Standards》Level 3 Standard (GB8978-1996), Fluoride implementation of primary standards	Ammonia nitrogen: 0.29t。	198.47t/a; Ammonia nitrogen: 2.49t/a。	discharge standard
Wujiang CSG Glass Co., Ltd	Particulates \ SO2 \ Nitrogen oxide	Discharge after the treatment of denitrification and dust removal	39	chimney, exhaust vent	Particulates≤40mg/m ³ SO2≤200 mg/m ³ NOx≤300 mg/m ³	《Emission standard of air pollutants for flat glass industry》(GB26453-2011)	Particulates: 69.8t; SO2:66.5t; NOx :339t。	Particulates: 76.91t/a; SO2:238.28t/a; NOx: 818.04t/a。	Reach the discharge standard
Dongguan CSG Solar Glass Co., Ltd.	dust\soot\SO2\Nitrogen oxide	Discharge after the treatment of denitrification and dust removal	22	chimney, exhaust vent	dust≤5mg/m ³ ; soot≤10 mg/m ³ ; SO2≤400 mg/m ³ NOx≤650 mg/m ³ 。	《Emission standard of air pollutants for flat glass industry》(GB26453-2011)	Particulates8.8t; SO2: 264.9t; NOx :511t。	Particulates: 34.85t/a; SO2:300.99t/a; NOx: 535.67t/a。	Reach the discharge standard
Dongguan CSG Architectural Glass Co., Ltd.	pH \ COD \ Ammonia nitrogen	Discharged to the sewage treatment plant after being treated by the Company's sewage treatment station.	1	Sewage vent	pH: 6~9COD≤16 mg/L; mg/L; Ammonia nitrogen≤0.784 mg/L。	《Guangdong Province water pollutant emission limit》(DB44/26-2001)Second period first-level emission standard	COD:1.33t; Ammonia nitrogen:0.02t。	COD:5.4t/a; Ammonia nitrogen:0.6t/a。	Reach the discharge standard
Dongguan CSG PV-tech Co., Ltd.	waste water: Fluoride \ COD \ Ammonia nitrogen: HF \ NOx \ HCl \ CL2 \ NH3 \	The wastewater is discharged after being treated by the sewage station, and the exhaust gas is discharged	sewage: 2, exhaust: 18	Sewage vent, exhaust vent	waste water: SS≤50mg/L; COD≤70 mg/L; Ammonia nitrogen≤10mg/L; Fluoride≤8mg/L; exhaust: NOx≤30mg/m ³ ; HF≤3 mg/m ³ ; CL2≤5mg/m ³ ;	《Guangdong Province water pollutant emission limit》(DB44/26-2001)Second period first level standard; 《Battery industry	waste water: COD: 4.39t; Ammonia nitrogen: 0.58t; Fluoride: 0.44t; exhaust: Nitrogen oxide: 17.62t; Fluoride: 1.02t; Hydrogen	waste water: COD: 14.04t/a; Ammonia nitrogen: 1.56t/a; Fluoride: 1.56t/a; exhaust:	Reach the discharge standard

	VOC	after being treated by the exhaust gas treatment tower.			HCl≤5mg/m ³ ; VOC≤30mg/m ³ 。	pollutant discharge standards》(GB30484-2013); VOCs refer to 《Volatile Organic Compound Emission Standards for the Furniture Manufacturing Industry》(DB44/814-2010) Second time period standard; NH3 implement discharge standards for odor pollutants (GB14554-93) .	fluoride: 0.72t; chlorine: 0.16t; VOC: 0.25t。	Nitrogen oxide: 20.825t/a; : 1.5156t/a; Hydrogen fluoride: 1.0829t/a; chlorine: 0.2363t/a; VOC: 1.0986t/a。	
Hebei Shichuang Glass Co., Ltd.	dust \ soot \ SO2 \ Nitrogen oxide	Discharge after the treatment of denitrification and dust removal	5	chimney, exhaust vent	dust≤30mg/m ³ ; soot≤20 mg/m ³ ; SO2≤30 mg/m ³ ; NOx≤300mg/m ³ 。	《Electrical Glass Industry Air Pollutant Emission Standards》(GB29495-2013)	Particulates:1.81t; SO2: 0.5t; NOx :12t。	Particulates: 8.2125t/a; SO2:22t/aN Ox: 39.4t/a。	Reach the discharge standard

Construction and operation of pollution prevention and control facilities

The Company has built flue gas dust removal and denitrification system on production lines. The system runs normally, and the emission of exhaust gas meets regulations standard. Hebei CSG Glass Co., Ltd., Chengdu CSG Glass Co., Ltd. and Wujiang CSG Glass Co., Ltd. have added flue gas desulfurization facilities, and pollutant emissions have been further reduced.

The environmental impact assessment of construction projects and other environmental protection license

In 2017, the project for the construction of a photoconductive material production line for light guide plates of Xianning CSG Photovoltaic Glass Co., Ltd. was newly launched, and environmental impact assessments have been carried out and approved. In 2018, the new jade glass plates project of Dongguan CSG Jingyu new material co., Ltd. had been approved and obtained the environmental influence appraise. The project construction had been completed and had been turned into production commissioning. The operation project of 120 million cells AG&AF glass plate by Yichang Display Co., Ltd. , in 2018, had been approved and obtained the environmental influence appraise which is during the construction period. The subsidiaries have effectively carrying out the “Three Simultaneous” procedures for all other new and old projects, and have been rewarded with the pollutant discharge license within the validity period. They timely declared the pollutant discharge, carried out the monitoring and reporting of pollutant discharge and paid

the pollutant discharge fee according to the relevant regulations of the state.

Emergency response plan system of environment incident

In accordance with the national requirements, all subsidiaries prepared emergency environmental response plan for environment incident, organized and carried out expert evaluation and filed with the local environmental protection department as required, conducted the emergency drill against environmental incidents. And there were no major environmental incidents occurred in 2018.

Environmental self-monitoring scheme

In accordance with provisions of national laws and regulations and the requirements put forward in the assessment documents of the environment impact of construction project and reply, the subsidiaries built on-line monitoring equipment for waste water and waste gas which are put into operation normally. They compared and reviewed the effectiveness of the on-line monitoring facilities on a regular basis. Besides, they also entrusted the third party units to carry out the manual monitoring of the environment and fully monitor the discharge of the pollutants.

Other environmental information to be disclosed

Those subsidiaries which were on key monitoring list of the government above municipal level all disclosed their environment protection status and made regular updating through websites, local government environmental information platform, display pads and other ways.

Other information related to environment protection

CSG always attaches great importance to environmental protection work, actively fulfills its social responsibility, adheres to the development road of energy saving, emission reduction, low-carbon and environmental protection. Many subsidiaries have been honored by the local government for their outstanding environmental protection work. For example, CSG (Xianning) won the award of “Outstanding Unit for Environmental Protection” in 2018, CSG (Hebei) won the award of “Environmental Social Responsible Enterprise” and “Environmental Protection Star Enterprise” in 2018, and Hebei Shichuang won the award of “Environmental Social Responsible Enterprise” and “Environmental Protection Star Enterprise” in 2018. Yichang Display Co., Ltd. won title of “Yichang Eco-environmental Protection Award” in 2018.

XIX. Statement on other important matters

☒ 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 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.

6. The holding of the bondholders' meeting during the reporting period

On August 17, 2018, the company issued the announcement of "Conference on Holding the First Phase Mid-term Noteholders' Meeting of China CSG Holding Co., Ltd. in 2015" and "Announcement on Holding the Meeting of the First Phase Mid-term Notes Holders of China CSG Holding Co., Ltd. in 2018" due to the repurchase and cancellation of the restricted shares of the restricted equity incentive plan. On August 31, 2018, the company's 2015 first-term medium-term noteholders meeting, 2018 first-phase medium-term noteholders meeting was held off-site and voted. The 2015 first mid-term note holders meeting and the 2018 first mid-term noteholders' meeting is not effective as the total voting rights held by the holders attending the meeting did not reach two-thirds of the total voting rights as required.

7. Payments and interests of other debenture and financial instruments during the reporting period

14 Jul.2018, the company had paid the 3rd times interest of issued the 1st phase medium bill in Jul.14, 2015, total amount as 1.2 billion, interest rate 4.94% per year.

8. Bank credit status, usage and repayment of bank loans during the reporting period

During the reporting period, the company obtained bank credit of 11.012 billion yuan, a quota of 3.958 billion yuan being used, and a quota of 7.054 billion yuan available.

XX. Significant events of subsidiaries of the Company

☐ Applicable ☒ Not applicable

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Share Capital

1. Changes in Share Capital

Unit: Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion (%)	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion (%)
I. Restricted shares	97,772,560	3.94%	9,826,580		14,665,883	-44,636,523	-20,144,060	77,628,500	2.71%
1. State-owned shares									
2. State-owned legal person's shares									
3. Other domestic shares	97,772,560	3.94%	9,826,580		14,665,883	-44,636,523	-20,144,060	77,628,500	2.71%
Including: Domestic legal person's shares									
Domestic natural person's shares	97,772,560	3.94%	9,826,580		14,665,883	-44,636,523	-20,144,060	77,628,500	2.71%
4. Foreign shares									
Including: Foreign legal person's shares									
Foreign natural person's shares									
II. Unrestricted shares	2,386,374,987	96.06%			357,956,248	41,317,466	399,273,714	2,785,648,701	97.29%
1. RMB Ordinary shares	1,509,517,397	60.76%			226,427,610	41,317,466	267,745,076	1,777,262,473	62.07%
2. Domestically listed foreign shares	876,857,590	35.30%			131,528,638		131,528,638	1,008,386,228	35.22%
3. Overseas listed foreign shares									
4. Others									
III. Total shares	2,484,147,547	100%	9,826,580		372,622,131	-3,319,057	379,129,654	2,863,277,201	100%

Reason for equity changes

√Applicable □Not applicable

1. The company's total share capital increased by 372,622,131 shares due to the implementation of the 2017 annual profit distribution and capital accumulation fund to increase share capital.
2. The company's total shares fell by 3,319,057 because of the cancellation of some restricted stock of equity incentive plan which were bought back.
3. The company's total share capital increased by 9,826,580 shares due to restricted stock reserved in the 2017 restricted stock incentive plan granted to incentive targets.

4. As condition of unlock the first restriction period stock of the company's 2017 a-share restricted stock incentive plan has been met, 43,353,050 restricted shares were unlocked.

5. Due to the change of the company's senior management and the lockup of their shareholding, the Shenzhen branch of China securities registration and clearing Co., Ltd. shall adjust the restricted shares held by the senior management in accordance with relevant regulations, and the company's restricted shares and unrestricted shares changed accordingly.

Approval on equity changes

☒Applicable ☐Not applicable

1. The company's 2017 annual profit distribution and capital accumulation fund to increase the share capital plan was approved by the fifth meeting of the eighth board of directors held on April 20, 2018 and the 2017 annual general meeting of shareholders held on May 14, 2018.

2. The company's buyback and cancellation of some restricted stock incentive plans was deliberated and passed at the extraordinary meeting of the 8th board of directors and extraordinary meeting of the 8th board of supervisors on July 20, 2018, and was deliberated and passed at the 2nd interim general meeting of shareholders on August 6, 2018.

3. The company's proposal to grant reserve stock of restricted stock incentive plan 2017 to incentive targets was deliberated and approved at the extraordinary meeting of the 8th the board of directors and the extraordinary meeting of the 8thboard of supervisors on September 13, 2018.

4. The company's proposal to confirm the condition of unlock first restriction period stock has been met was deliberated and approved at the extraordinary meeting of the 8th board of directors, and the extraordinary meeting of the 8th board of supervisors on December 12, 2018.

Transfer of ownership of changes in shares

☒Applicable ☐Not applicable

1. The A-share registration date for 2017 annual profit distribution and the capitalization of capital reserve was on June 26, 2018 and the ex-dividend date was June 27, 2018. A-shares bonus (or capitalized) were directly recorded in the stockholders' A-share accounts on June 27, 2018. The registration date and ex-dividend date of B shares were June 29, 2018 and June 27, 2018 respectively. B-shares bonus (or capitalized) were directly recorded in shareholders' B-share accounts on June 29, 2018.

2. On September 10, 2018, the company has completed the cancellation procedures of the buyback restricted stock in the Shenzhen branch of China securities registration and clearing co., Ltd.

3. On September 28, 2018, the company has completed the registration and approval procedures of newly granted restricted stock in the Shenzhen branch of China securities registration and clearing co., Ltd.

4. Because the condition of unlock the first restriction period stock of the company's 2017 a-share restricted stock incentive plan has been met, and as the change of senior management and lockup of their shareholdings, the Shenzhen branch of China securities registration and clearing Co., Ltd. Adjusted the company's restricted shares and unrestricted shares accordingly in accordance with relevant regulations.

Implementation progress of share repurchase

☐Applicable ☒Not applicable

Implementation progress of share buyback reduction through centralized bidding

☐Applicable ☒Not applicable

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

√Applicable □ Not applicable

Please refer to the main accounting data and financial indicators in this report for the details of the impact of stock changes.

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

□Applicable √ Not applicable

2. Changes of restricted shares

√Applicable □ Not applicable

Unit: Share

Shareholder's 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
Chen Lin	3,207,639	1,475,514	1,034,463	2,766,588	Executive lockup stocks of 553,317 shares, equity incentives restricted stocks of 2,213,271 shares.	Unlock period in accordance with the requirement of implementation of the Company's restricted stock equity incentive plan, once unlocked executive lockup will be implemented according to relevant policies.
Wang Jian			2,300,000	2,300,000	Equity incentives restricted stocks of 2,300,000 shares.	Unlock period in accordance with the requirement of implementation of the Company's restricted stock equity incentive plan, once unlocked executive lockup will be implemented according to relevant policies.
Lu Wenhui	2,405,729	1,106,635	775,847	2,074,941	Executive lockup stocks of 414,988 shares, equity incentives restricted stocks of 1,659,953 shares.	Unlock period in accordance with the requirement of implementation of the Company's restricted stock equity incentive plan, once unlocked executive lockup will be implemented according to relevant policies.
Li Cuixu			800,000	800,000	Equity incentives restricted stocks of 800,000 shares.	Unlock period in accordance with the requirement of implementation of the Company's restricted stock equity incentive plan, once unlocked executive lockup will be

						implemented according to relevant policies.
He Jin	1,600,000	736,000	716,000	1,580,000	Executive lockup stocks of 276,000 shares, equity incentives restricted stocks of 1,304,000 shares.	Unlock period in accordance with the requirement of implementation of the Company's restricted stock equity incentive plan, once unlocked executive lockup will be implemented according to relevant policies.
Yang Xinyu	2,291,170	1,053,938	738,901	1,976,133	Executive lockup stocks of 395,226 shares, equity incentives restricted stocks of 1,580,907 shares.	Unlock period in accordance with the requirement of implementation of the Company's restricted stock equity incentive plan, once unlocked executive lockup will be implemented according to relevant policies.
Core Management Team	62,410,653	30,256,887	11,673,417	43,827,183	Equity incentives	Unlock period in accordance with the requirement of implementation of the Company's restricted stock equity incentive plan.
Technology and Business Backbone	23,305,293	10,989,195	6,690,656	19,006,754	Equity incentives	Unlock period in accordance with the requirement of implementation of the Company's restricted stock equity incentive plan.
Zhao Peng	2,156		1,021,050	1,023,206	Supervisor's departure lockup stocks of 3,306 shares, equity incentives restricted stocks of 1,019,900 shares.	Unlock period in accordance with the requirement of implementation of the Company's restricted stock equity incentive plan, once unlocked executive lockup will be implemented according to relevant policies.
Li Weinan	2,549,920	1,053,938	777,713	2,273,695	Executive's departure lockup stocks of 692,788 shares, equity incentives restricted stocks of 1,580,907 shares.	Unlock period in accordance with the requirement of implementation of the Company's restricted stock equity incentive plan.
Total	97,772,560	46,672,107	26,528,047	77,628,500		

Note: In case the unlocking conditions of the restricted stock incentive plan is satisfied, the restricted shares Unlock in three phases after 12 months from the date of grant: 40% of the restricted stocks will be available for circulation within the period (from the first trading day following the lock-up period of 12 months to the last trading day of lock-up period of 24 months), 30% of the restricted stocks will be available for circulation within the period (from the first trading day following the lock-up period of 24 months to the

last trading day of the lock-up period of 36 months), and 30% of the restricted stocks will be available for circulation within the period (from the first trading day following the lock-up period of 36 months to the last trading day of the lock-up period of 48 months).

II. Issuance and listing of Securities

1. Security issued (excluding preferred stock) in the report period

☒ Applicable ☐ Not applicable

Name of stock and its derivative securities	Issue date	Issue price (or interest rate)	Issue volume	Listing date	Number of permitted trading transactions	Transaction termination date
Stock class						
Southern Glass A	September 13, 2018	3.68	9,826,580	September 28, 2018	9,826,580	

Explanation of the issuance of securities (excluding preferred shares) during the reporting period

On September 13, 2018, the company convened an extraordinary meeting of the 8th board of Directors and an extraordinary meeting of the 8th board of supervisors, deliberated and approved proposal to grant restricted stocks to the incentive target for the 2017 restricted stock incentive plan, the grant date of the reserved restricted stock is determined to be September 13, 2018, the company issued 9,826,580 reserved restrict stock to 75 incentive targets as the grant price at 3.68 yuan/share. The shares granted have been registered in the Shenzhen branch of China registration and clearing corporation and listed on September 28, 2018. The total number of shares of the company has changed from 2,853,450,621 shares to 2,863,277,201 shares.

2. Particulars about changes of total shares and shareholder structure as well as changes of assets and liability structure

☒ Applicable ☐ Not applicable

1. Statement on profit distribution plan and capitalization of capital reserve plan of the Company in 2017: based on 2,484,147,547 shares of the total share capital while dividends will be distributed, distributing cash dividend of RMB 0.5 (tax included) for every 10 shares to all shareholders. Meanwhile the Company will transfer capital reserve into capital with 1.5 shares for every 10 shares to all shareholders based on 2,484,147,547 shares of the total share capital. The program was completed on June 29, 2018, and the total share capital was increased to 2,856,769,678 shares after the plan was completed

2. The company repurchased a total of 3,319,057 restricted shares held by the 15 original incentive targets but not yet unlocked. The share capital was 2,853,450,621 shares after the repurchase. The cancellation of restricted stock repurchase has been completed on September 10, 2018; the total number of shares of the company was changed from 2,856,769,678 shares to 2,853,450,621 shares.

3. The company grant reserved 9,826,580 restricted shares to 75 incentive targets, the restricted stock grant date is September 13, 2018. Upon completion of the grant, the share capital increased to 2,863,277,201 shares, and the listing date of this grant is September 28, 2018. The total number of shares of the company was changed from 2,853,450,621 to 2,863,277,201.

4. On December 12, 2018, the company convened an extraordinary meeting of the 8th Board of Directors and an extraordinary meeting of the 8th Board of Supervisors, and reviewed and approved the "Proposal on Repurchase and Cancel part of Restricted Stocks of Restricted Stock Incentive Plan", considered and agreed to repurchase and cancel the total of 436,719 shares of 8 incentive targets of all restricted stocks that have been granted to them who have not been eligible with stock still under restriction. It was approved by the third extraordinary general meeting of shareholders in 2018, held on December 28, 2018. The above restricted stock has not completed the cancellation procedures at the end of the reporting period, which does not affect the changes in the company's share capital during the reporting period.

5. On December 12, 2018, the company convened an extraordinary meeting of the 8th Board of Directors and an extraordinary meeting of the 8th Board of Supervisors, and reviewed and approved the "proposal on the achievement of condition for unlock the first restriction period stock of the 2017 a-share restricted stock incentive plan of the company". Except the 8 incentive objects who have left the company and are no longer qualified for unlocking, the total number of incentive objects who meet the condition for unlocking is 431, and the number of restricted shares that can be unlocked is 43,353,050, accounting for 1.51% of the total share capital of the company at present. The board of supervisors, the independent directors and the law firm have expressed their express consents. The unlock date/ listing date of these restricted stock is December 21, 2018.

3. Existing internal staff shares

☐ Applicable ☒ Not applicable

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 shareholders at the end of the report period	151,514	Total shareholders at the end of the month before this annual report disclosed	149,447	Total preference shareholders with voting rights recovered at end of report period (if applicable)	0	Total preference shareholders with voting rights recovered at end of the month before this annual report disclosed (if applicable)	0	
Shareholder with above 5% shares hold or top 10 shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held (%)	Total shares held at the end of report period	Changes in report period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							Share status	Amount
Foresea Life Insurance Co., Ltd. – Haili Niannian	Domestic non state-owned legal person	14.81%	423,988,067	55,302,791		423,988,067		

Foresea Life Insurance Co., Ltd. – Universal Insurance Products	Domestic non state-owned legal person	3.76%	107,659,097	14,042,491		107,659,097		
Shenzhen Jushenghua Co., Ltd.	Domestic non state-owned legal person	2.75%	78,757,679	10,272,741		78,757,679	pledge	63,000,000
Foresea Life Insurance Co., Ltd. – Own Fund	Domestic non state-owned legal person	2.06%	58,877,419	7,679,663		58,877,419		
Central Huijin Asset Management Ltd.	State-owned legal person	1.84%	52,650,444	6,867,449		52,650,444		
China Galaxy International Securities (Hong Kong) Co., Limited	Foreign legal person	1.30%	37,313,064	4,917,019		37,313,064		
China Merchants Securities (HK) Co., Limited	State-owned legal person	1.02%	29,078,493	3,021,785		29,078,493		
Shenzhen International Holdings (SZ) Limited	Domestic non state-owned legal person	0.92%	26,450,000	3,450,000		26,450,000		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.61%	17,563,848	2,290,937		17,563,848		
NORGES BANK	Foreign legal person	0.49%	14,166,909	1,847,858		14,166,909		
Strategic investors or general legal person becomes top 10 shareholders due to shares issued (if applicable)	N/A							
Explanation on associated relationship among the aforesaid shareholders	Among shareholders as listed above, 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 36,534,458 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.							
Particular about top ten shareholders with un-restrict shares held								
Shareholders’ name			Amount of un-restrict shares held at		Type of shares			
					Type		Amount	

	year-end		
Foresea Life Insurance Co., Ltd. – Haili Niannian	423,988,067	RMB ordinary shares	423,988,067
Foresea Life Insurance Co., Ltd. – Universal Insurance Products	107,659,097	RMB ordinary shares	107,659,097
Shenzhen Jushenghua Co., Ltd.	78,757,679	RMB ordinary shares	78,757,679
Foresea Life Insurance Co., Ltd. – Own Fund	58,877,419	RMB ordinary shares	58,877,419
Central Huijin Asset Management Ltd.	52,650,444	RMB ordinary shares	52,650,444
China Galaxy International Securities (Hong Kong) Co., Limited	37,313,064	Domestically listed foreign shares	37,313,064
China Merchants Securities (HK) Co., Limited	29,078,493	Domestically listed foreign shares	29,078,493
Shenzhen International Holdings (SZ) Limited	26,450,000	RMB ordinary shares	26,450,000
VANGUARD EMERGING MARKETS STOCK INDEX FUND	17,563,848	Domestically listed foreign shares	17,563,848
NORGES BANK	14,166,909	Domestically listed foreign shares	14,166,909
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 36,534,458 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 company's top 10 common shareholders and the top 10 shareholders of ordinary shares subject to unlimited sales have agreed to buy back transactions during the reporting period

☐ Yes ☒ No

2. Controlling shareholder of the Company

The nature of controlling shareholders: No holding body

The type of controlling shareholder: Not exist

Explanation on the Company without controlling shareholder

Currently the Company has no controlling shareholder. Foresea Life Insurance Co., Ltd. is the Company's largest shareholder that has totally held 597,798,139 shares of the Company via Foresea Life Insurance Co., Ltd.-Haili Niannian, Foresea Life Insurance Co.,

Ltd.—universal insurance products, Foresea Life Insurance Co., Ltd.—own fund, Foresea Life Insurance Co., Ltd.—a combination of its own funds together with Huatai till the end of the report period, which accounts for 20.88% of the Company's total shares; its related legal person Shenzhen Jushenghua Co., Ltd. held 78,757,679 shares, which accounts for 2.75% of the Company's total shares; its related legal person Chengtai Group Co., Ltd. held 47,008,262 shares of B-share via China Galaxy International Securities (Hong Kong) Co., Ltd and Guosen Securities (Hong Kong) Brokerage Co., Limited, which accounts for 1.64% of the Company's total shares. Foresea Life Insurance and its related legal persons totally held 25.27% of the Company's total shares, which is less than 30%, meanwhile, the number of directors recommended by Foresea Life Insurance and its related legal persons was no more than half of total number of the Company's board of directors.

Other shareholders of the Company hold less than 5% of the shares.

Changes of controlling shareholders in the report period

☐ Applicable ☒ Not applicable

3. Actual controller of the Company

The nature of actual controller: no actual controller

The type of actual controller: Not exist

Explanation on the Company without actual controller

Currently the Company has no actual controller. Foresea Life Insurance Co., Ltd. is the Company's largest shareholder that has totally held 597,798,139 shares of the Company via Foresea Life Insurance Co., Ltd.—Haili Niannian, Foresea Life Insurance Co., Ltd.—universal insurance products, Foresea Life Insurance Co., Ltd.—own fund, Foresea Life Insurance Co., Ltd.—a combination of its own funds together with Huatai till the end of the report period, which accounts for 20.88% of the Company's total shares; its related legal person Shenzhen Jushenghua Co., Ltd. held 78,757,679 shares, which accounts for 2.75% of the Company's total shares; its related legal person Chengtai Group Co., Ltd. held 47,008,262 shares of B-share via China Galaxy International Securities (Hong Kong) Co., Ltd and Guosen Securities (Hong Kong) Brokerage Co., Limited, which accounts for 1.64% of the Company's total shares. Foresea Life Insurance and its related legal persons totally held 25.27% of the Company's total shares, which is less than 30%, meanwhile, the number of directors recommended by Foresea Life Insurance and its related legal persons was no more than half of total number of the Company's board of directors.

Shareholders with over 10% shares held in ultimate controlling level

☒ Yes ☐ No

Natural person

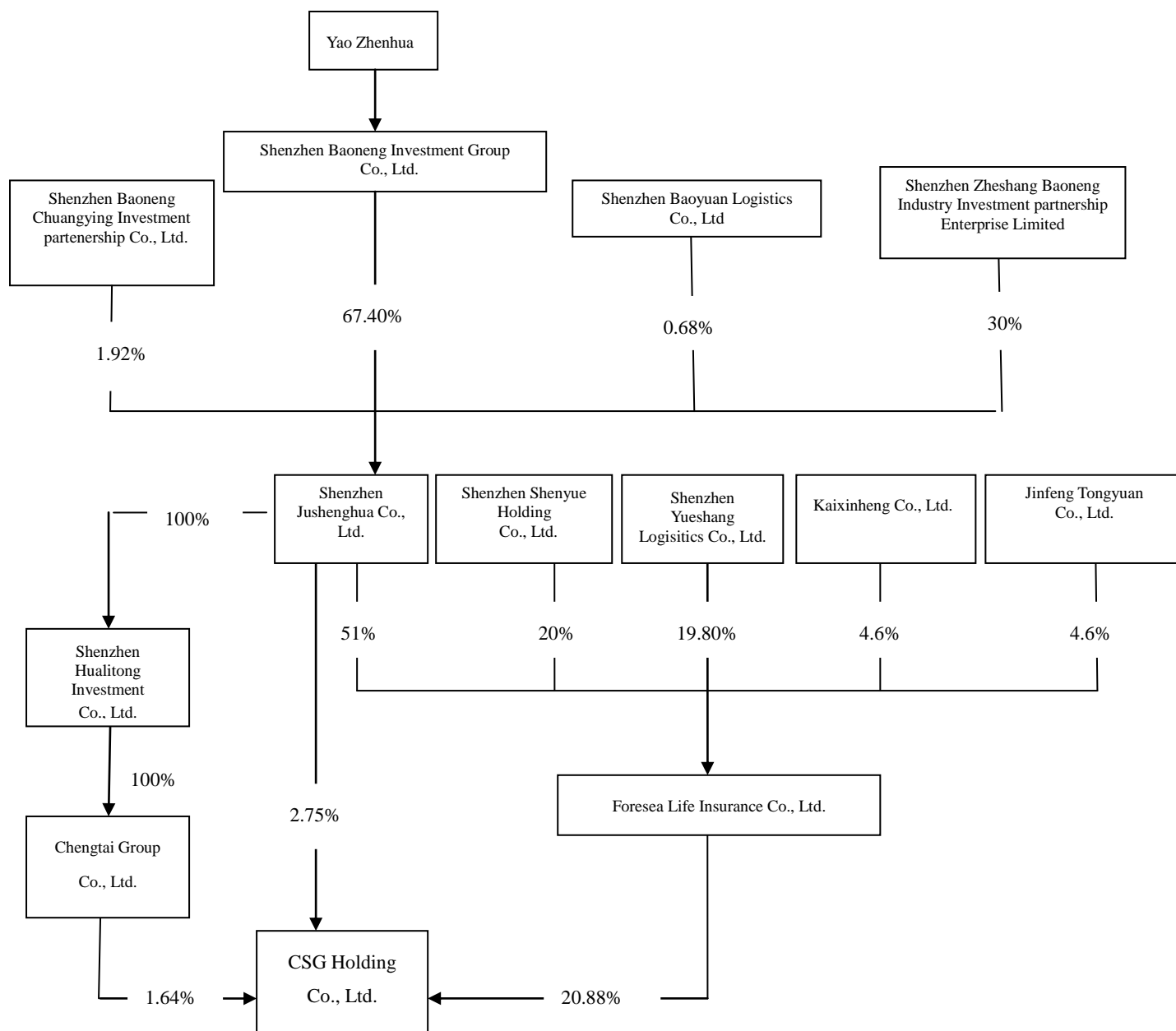
Shares held in ultimate controlling level

Shareholders	Nationality	Whether to obtain the right of abode in other countries or regions
Yao Zhenhua	China	No
Major occupations and duties	Chairman of Shenzhen Baoneng Investment Group Co., Ltd.	
Situation of holding domestic and abroad listed companies over the past 10 years	N/A	

Changes of actual controller in the report period

☐ Applicable ☒ Not applicable

Property right and controlling relationship between the largest shareholder and the Company is as follow: Shenzhen Zheshang Baoneng Industry Investment partnership Enterprise Limited



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

☐ Applicable ☒ Not applicable

4. Particulars about other legal person shareholders holding over 10% shares

☐ Applicable ☒ Not applicable

5. Limitation on share reduction of controlling shareholders, actual controllers, Recombination party and other commitment subjects

☐ Applicable ☒ Not applicable

Section VII. Particulars about Directors, Supervisors, 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)	Other changes (share)	Shares held at period-end (Share)
Chen Lin	Chairman of the Board	Currently in office	Female	47	2016-11-19	2020-05-02	3,207,639			481,146	3,688,785
Wang Jian	Secretary of the Party Committee, Deputy Chairman of the Board, CEO	Currently in office	Male	55	2016-01-21	2020-05-02				2,300,000	2,300,000
Zhan Weizai	Independent Director	Currently in office	Male	55	2016-12-14	2020-05-02					
Zhu Guilong	Independent Director	Currently in office	Male	55	2017-05-02	2020-05-02					
Zhu Qianyu	Independent Director	Currently in office	Female	44	2019-4-10	2020-05-02					
Zhang Jinshun	Director	Currently in office	Male	54	2017-05-02	2020-05-02					
Ye Weiqing	Director	Currently in office	Female	47	2016-01-21	2020-05-02					
Cheng Xibao	Director	Currently in office	Female	37	2016-01-21	2020-05-02					
Li Jianghua	Chairman of the supervisory board, employee supervisory	Currently in office	Male	42	2019-03-27	2020-05-02					
Li Xinjun	Supervisor	Currently in office	Male	51	2017-01-13	2020-05-02					
Gao Changkun	Employee Supervisor	Currently in office	Male	50	2018-08-30	2020-05-02					
Lu Wenhui	Executive Vice President	Currently in office	Male	56	2017-02-23	2020-05-02	2,405,729			360,859	2,766,588
Li Cuixu	Vice president	Currently in office	Male	44	2018-04-08	2020-05-02				800,000	800,000
He Jin	Vice president	Currently in office	Male	47	2018-04-08	2020-05-02	1,600,000			440,000	2,040,000
Yang Xinyu	Secretary of the Board	Currently in office	Male	39	2017-05-02	2020-05-02	2,291,170			343,675	2,634,845

Pan Yonghong	Director & CEO	Post Leaving	Male	50	2017-02-23	2018-06-29					
Jin Qingjun	Independent Director	Post Leaving	Male	62	2016-12-14	2019-4-10					
Zhang Wandong	Chairman of the board of supervisors	Post Leaving	Femal	50	2017-1-13	2019-3-27					
Zhao Peng	Employee Supervisor	Post Leaving	Male	57	2017-01-11	2018-08-30	2,875			1,019,900	1,022,775
Li Weinan	Vice president	Post Leaving	Male	57	2017-02-23	2019-02-18	2,636,170			395,425	3,031,595
Total							12,143,583			6,141,005	18,284,588

II. Changes of directors, supervisors and senior executives

√Applicable □ Not applicable

Name	Title	Type	Date	Reason
Wang Jian	CEO	Be employed	2018-07-02	Senior management employed by the Board of Directors
Li Cuixu	Vice president	Be employed	2018-04-08	Senior management employed by the Board of Directors
He Jin	Vice president	Be employed	2018-04-08	Senior management employed by the Board of Directors
Zhu Qianyu	Independent Director	Be employed	2019-04-10	Election by the independent director
Li Jianghua	Chairman of the supervisory board, employee supervisory	Be employed	2019-04-01 2019-03-27	Election by the supervisory board Election by the employees meeting
Gao Changkun	Employee Supervisor	Be employed	2018-08-30	Election the employee supervisory board
Pan Yonghong	CEO	Post leaving	2018-06-29	Resigned
Zhao Peng	Employee Supervisor	Post leaving	2018-08-30	Resigned
Li Weinan	Vice president	Be employed	2019-02-18	Removed
Zhang Wandong	Chairman of the board of supervisors	Post leaving	2019-03-27	Resigned
Jin Qingjun	Independent Director	Post leaving	2019-04-10	Resigned

III. Post-holding

Major professional background, working experience of directors, supervisors and senior executive and their major responsibility in the Company at present

Chen Lin: took posts of Department Manager, General Manager Assistant in Shenzhen Shum Yip Logistics Group Co., Ltd. At present, she is the Senior Vice President of Shenzhen Baoneng Investment Group Co., Ltd., Deputy General Manager in Shenzhen Shum Yip Logistics Group Co., Ltd. Chairman of Board of Supervisors of Foresea Life Insurance Co., Ltd., Director of Guangdong Shaoneng Group Co., Ltd., Director of Nanning department store Co., Ltd. Chairman of the Board of Jonjee Hi-tech Industrial & Commercial Holding Co., Ltd. Chairman of the Board of Baoneng Automobile Co., Ltd., and Chairman of the Board of the Company.

Wang Jian: took posts of General Manager and Executive Director of China North Industries Tianjin Corporation, General Manager

of China North Vehicle Co., Ltd., and Deputy Chairman and Chairman of Shanghai Nonferrous Metals E-Commerce Co., Ltd., General Manager of investment management department of China North Industries Corporation, Chairman of the Board of Chengdu Yinhe Dynasty Hotel Co., Ltd., Deputy Chairman of the Board of Shenzhen Baoyin Electricity Co., Ltd., Chairman of the Board of North Property Development Company Limited. At present he is Secretary of the Party Committee, Deputy Chairman and CEO of the Company.

Zhan Weizai: took posts of Vice Manager of the financial department of Donghui Industrial Co., Ltd, General Manager Assistant of Shenzhen Xili Hotel, Director and Chief Financial Officer of Shenzhen Qiaoshe Industry Co.,Ltd., the Leader of the audit & law department of Shenzhe Truism (Group) Company and Vice General Manager of Sinosafe General Insurance Company Limited. He currently holds the post of Supervisor of Shenzhen Dewo Industrial Development Co., Ltd, Supervisor of Shenzhen Dewo Investment Development Co., Ltd., Visiting Professor of Jiangxi University of Finance and Economics, Visiting Professor at Social Security Center of Wuhan University, Chairman of Shenzhen Jiangcairen Education Management Co., Ltd., Vice President, of Shenzhen Research Institute, Jiangxi University of Finance and Economics. Independent Director of Shenzhen Longood Intelligent Electric Co., Ltd., Independent Director of Shenzhen Neptunus Bioengineering Co., Ltd., Independent Director of Shenzhen Liantronics Co., Ltd, Independent Director of Shenzhen Weiye Decoration Group Co., Ltd., and Independent Director of the Company.

Zhu Guilong: took posts of the researcher of the Institute of Forecasting and Development at Hefei University of Technology, the Independent Director of Jiangsu Saifutian Steel Cable Co., Ltd. Currently, he is a professor and doctoral tutor of the School of Business Administration, South China University of Technology, and holds a concurrent post of the Vice Chairman of Systems Engineering Society of China, Executive Director of Chinese Association For Science of Science and S&T Policy, the Vice Chairman of Guangdong Institute of Technical Economy and Management Modernization, and Guangdong Economic Society, the Independent Director of GRG BANKING EQUIPMENT CO., LTD., , Independent Director of Guangzhou Kingmed Diagnostics Group Co., Ltd., and the Independent Director of the Company.

Zhu Qianyu: took posts of lecturer and associate professor of Central South University for Nationalities, a postdoctoral fellow at Peking University, and an independent director of Jilin Shixian Paper Co., Ltd., At present, he is associate professor at Renmin University of China and independent director of the Company.

Zhang Jinshun: took posts of member of the Party Committee and Deputy President of the head office of Ping An Bank, as well as Chairman of Board of Ping An Trust Co., Ltd., President and CEO of Shenzhen jushenghua Co., Ltd., and the Secretary of the Party Committee. He currently serves as Deputy Chairman of the Board of Shenzhen Baoneng Investment Group Co., Ltd. Chairman of Board of Foresea Life Insurance Co., Ltd., General Manager of Chang'an International Trust Co., Ltd., and Director of the Company.

Ye Weiqing: took posts of the Financial Administrator, Senior Vice President and Director of Shenzhen Baoneng Investment Group Co., Ltd., Director of Foresea Life Insurance Co., Ltd., Chairman of Board of Qinglan Industry (Shenzhen) Co., Ltd., Director of Jonjee Hi-tech Industrial & Commercial Holding Co., Ltd. At present, she is the Chairman of Board and General Manager of Shenzhen Jushenghua Co., Ltd., Chairman of Board and General Manager of Baoneng Real Estate Co., Ltd., Deputy Chairman of Baoneng holdings (China) co., Ltd., Chairman of Board of Baoneng South China Investment Co., Ltd, Executive Director and General Manager of Shenzhen Shining Asset Management Co., Ltd, the Executive Director and General Manager of Qianhai E-payment Co., Ltd, Chairman of Board and General Manager of Shenzhen Laihua Property Development Co., Ltd, Chairman of Board and General Manager of Shenzhen Liujin Plaza Investment Co., Ltd, the Chairman of Board and General Manager of Shenzhen Shum Yip Logistics Center Investment Development Co., Ltd., Chairman of Board and the Director of Shenzhen Baoneng

Jianye Property Co., Ltd, Chairman of Board and General Manager of Shenzhen Baoneng Century Property Development Co., Ltd. Chairman of Board and General Manager of All City Co., Ltd, Chairman of Board and General Manager of Shenzhen Hualitong Investment Co., Ltd, Director of Shenzhen Baoyuan Logistics Co., Ltd, Chairman of Board of Baoneng Hotel Investment Co., Ltd, Chairman of Board and General Manager of Shenzhen Zhonglin Industry Development Co., Ltd, Director of Shenzhen Baoneng Investment Group Co., Ltd., Director of Shenzhen Shum Yip Logistics Group Co., Ltd. and Director of the Company.

Cheng Xibao: took posts of Deputy Manager and Manager of financial department of Huizhou Olympic Garden Co., Ltd., which is a subsidiary of China Sports Group Industry, Manager of financial department of Shenzhen Xuansheng Investment Co., Ltd., which is a subsidiary of Foxconn, and Manager, Vice President, Executive Vice President of financial department, President Assistant and Vice President of Shenzhen Baoneng Investment Group Co., Ltd. At present, she is Vice President of Shenzhen Baoneng Investment Group Co., Ltd. and Vice President of Shenzhen Jushenghua Co., Ltd., Vice President of Baoneng City Development and Construction Group Co., Ltd., the Supervisor of Xinjiang Qianhai United Property & Casualty Insurance Co., Ltd., Director of Foresea Life Insurance Co., Ltd. Director of Baoneng Automobile Co., Ltd., Director of Qoros Automobile Co., Ltd., Supervisor of Guizhou Baoneng Automobile Co., Ltd. and Director of the Company.

Li Jianghua: took post of group manager of Ping'an Technology (Shenzhen) Co., Ltd., IT engineer of Shenzhen One Card Club Technology Services Co., Ltd., the assistant of general manager and deputy general manager of the Operation Service Department of the Information Management Center of Foresea Life Insurance, the deputy general manager of IT Department of Xinjiang Qianhai United Property & Casualty Insurance Co., Ltd., the general manager of Integrated Financial Development Department of Foresea Life Insurance, and chairman of the supervisory board of the Company.

Li Xinjun: took the post of the Chief Financial Officer of Shenzhen Zhongshanglong Industrial Co., Ltd. He currently serves as the General Manager of Shenzhen Zhongzhun Certified Tax Agent Co., Ltd., Chairman of Board of Zhongzhun Certified Public Accountants (Shenzhen) Office and Supervisor of the Company.

Gao Changkun: took the post of the operation director of Beijing lianxing ketong microelectronics Co., LTD., and the investment specialist of Pintree (Shanghai) Equity investment and management Co., Ltd. At present, he is the President of the solar energy business division and the supervisor of the employees of the Company.

Lu Wenhui: took posts of Vice General Manager of the Company and General manager of Float Glass Business Department of the company, the vice president of the company and the general manager of the Engineering and Automotive Glass Business Department of the company, the chief economy expert of the company, the director of Enterprise Operation Department, the vice president of the Solar Business Department, the vice president of the company and the president of the Fine Glass Business Department, and the president of Shenzhen Monitor Company, a subsidiary company. At present, he is the vice president and the president of the Overseas business unit of the Company.

Li Cuixu: took posts of the director of the Safety Production Department of Hebei Shijiazhuang New Cast Pipe Co., Ltd., the project manager, assistant general manager and deputy general manager of the Investment and Management Department of China North Industrial Company. He is present the vice president of the company.

He Jin: took posts of a the general manager of CSG (Shenzhen) Float Glass Co., Ltd., the vice president of Float Glass Department, the general manager of CSG (Dongguan) Solar Glass Co., Ltd., the general manager of CSG (Chengdu) Co., Ltd. and the general manager of CSG (Qingyuan) Energy Saving New Material Co., Ltd. He is currently the assistant president of the company, the president of the Flat Panel and Electronic Glass Department and the vice president of the company.

Yang Xinyu: took posts of the Securities Department of Beijing KWM Law Firm, the risk control director, the assistant of the chairman of the board of the Law Department of Honghua International Medical Holding Co., Ltd., and the director of the Audit and Supervision Department, the director of the Stock affairs Department of the company. He is currently the secretary of the board of directors,

Post-holding in shareholder's unit

√Applicable □ Not applicable

Name	Name of shareholder's unit	Position in shareholder's unit	Start dated of office term	End date of office term	Received remuneration from shareholder's unit or not
Chen Lin	Foresea Life Insurance Co., Ltd.	Chairman of Supervisory Committee	Apr. 2012		Yes
Zhang Jinshun	Shenzhen Juhua Investment and Development Co., Ltd.	President & CEO	Jan. 2016	Aug. 2018	Yes
	Foresea Life Insurance Co., Ltd.	Chairman of Board	Sep. 2017		No
Ye Weiqing	Shenzhen Jushenghua Co., Ltd.	Chairman of Board and General Manager	Nov. 2009		No
	Foresea Life Insurance Co., Ltd.	Director	Feb. 2012	Dec. 2018	No
Chen Xibao	Shenzhen Jushenghua Co., Ltd.	Vice President	Mar. 2016		No
	Foresea Life Insurance Co., Ltd.	Director	Oct. 2017		No
Note of post-holding in shareholder's unit	N/A				

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
Chen Lin	Shenzhen Shum Yip Logistics Group Co., Ltd.	Deputy General Manager	May 2003		No
	Shenzhen Baoneng Investment Group Co., Ltd.	Senior Vice Present	Oct. 2014		No
	Guangdong Shaoneng Group Co., Ltd.	Director	Nov. 2015		Yes
	Nanning department store co., Ltd.	Director	Apr. 2018		Yes
	Jonjee Hi-tech Industrial & Commercial Holding Co., Ltd.	Chairman of the Board	Nov. 2018		Yes
	Baoneng Automobile Co., Ltd.	Chairman of the Board	Dec. 2017		No

Zhu Qianyu	Renmin University of China	Associate Professor	Mar. 2010		Yes
Zhan Weizai	Shenzhen Dewo Industrial Development Co., Ltd.	Supervisor	June 2010		No
	Shenzhen Dewo Investment Development Co., Ltd.	Supervisor	Sep. 2011		No
	Shenzhen Longood Intelligent Electric Co., Ltd.	Independent director	Oct. 2012		Yes
	Shenzhen Neptunus Bioengineering Co., Ltd.	Independent director	Aug. 2013		Yes
	Shenzhen Liantronics Co., Ltd.	Independent director	Nov. 2016		Yes
	Shenzhen Jiangcairen Education Management Co., Ltd.	Chairman of the Board	Jul. 2017		No
	Jiangxi University of Finance and Economics Shenzhen Research Institute	Subdecanal	Jul. 2017		No
	Shenzhen Weiye Decoration Group Co., Ltd.	Independent director	Sep. 2018		Yes
Zhu Guilong	South China University of Technology	Professor and Doctoral tutor	Aug. 2000		Yes
	GRG BANKING EQUIPMENT CO., LTD.	Independent director	Jan. 2018		Yes
	Jiangsu Saifutian Steel Cable Co., Ltd.	Independent director	Aug. 2017	Dec. 2018	Yes
	Guangzhou Kingmed Diagnostics Group Co., Ltd.	Independent director	Nov. 2015		Yes
Zhang Jinshun	Shenzhen Baoneng Investment Group Co., Ltd.	Deputy Chairman of the Board	Mar. 2017		No
	Changan International Trust Co., Ltd.	General Manager	Sep. 2018		Yes
Ye Weiqing	Baoneng South China Investment Co., Ltd.	Chairman of the Board	Aug. 2017		No
	Shenzhen Shining Asset Management Co., Ltd.	Executive Director and General Manager	Jun. 2015		No
	Qianhai E-payment Co., Ltd.	Executive Director and General Manager	Jun. 2014		No
	Shenzhen Laihua Property Development Co., Ltd.	Chairman of Board and General Manager	Nov. 2016		No
	Shenzhen Liujin Plaza Investment Co., Ltd.	Chairman of Board and General Manager	Feb. 2014		No
	Shenzhen Shum Yip Logistics Center	Chairman of Board and General Manager	Feb. 2014		No

	Investment Development Co., Ltd.				
	Shenzhen Baoneng Jianye Property Co., Ltd.	Director	Aug. 2013		No
	Shenzhen Baoneng Century Property Development Co., Ltd.	Chairman of Board and General Manager	Jul. 2013		No
	All City Co., Ltd.	Chairman of Board and General Manager	Apr. 2013		No
	Shenzhen Hualitong Investment Co., Ltd.	Chairman of Board and General Manager	Mar. 2012		No
	Shenzhen Baoyuan Logistics Co., Ltd.	Director	Jun. 2010		No
	Baoneng Hotel Investment Co., Ltd.	Chairman of Board	Mar. 2010		No
	Qinglan Industry (Shenzhen) Co., Ltd.	Chairman of Board	Jul. 2012	May 2018	No
	Baoning Property Co., Ltd.	Chairman of Board and General Manager	May 2012		No
	Shenzhen Zhonglin Industry Development Co., Ltd.	Chairman of Board and General Manager	May 2012		No
	Shenzhen Baoneng Investment Group Co., Ltd.	Director	Oct. 2013		Yes
	Jonjee Hi-tech Industrial & Commercial Holding Co., Ltd.	Director	May 2016	Nov. 2018	No
	Shenzhen Shum Yip Logistics Group Co., Ltd.	Director	Oct. 2003		No
Chen Xibao	Baoneng Holdings (China) Co., Ltd.	Deputy Chairman	May 2018		No
	Shenzhen Baoneng Investment Group Co., Ltd.	Vice President	Dec. 2017		Yes
	Baoneng City Development and Construction Group Co., Ltd.	Vice President	Oct. 2018		No
	Xinjiang Qianhai United Property & Casualty Insurance Co., Ltd.	Supervisor	Sep. 2016		No
	Baoneng Automobile Co., Ltd.	Director	Mar. 2017		No
	Qoros Automobile Co., Ltd.	Director	Dec. 2017		No
Li Xinjun	Guizhou Baoneng Automobile Co., Ltd.	Supervisor	Jan. 2018		No
	Shenzhen Renda Certified Tax Agent Co., Ltd.	General Manager	Dec. 2004		Yes
	Zhongzhun Certified Public Accountants (Shenzhen) Office	Chairman of Board	Nov. 2010		Yes

Punishment of securities regulatory authority in the last three years to the Company's current and retired directors, supervisors and senior management during the report period

☐ Applicable ☒ Not applicable

IV. Remuneration for directors, supervisors and senior executives

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

1. Decision-making procedures: The allowances for independent directors, external directors from non-shareholder's unit and external supervisors are planned and proposed by the Remuneration & Assessment Committee of the Board and approved by the Shareholders' General Meeting after deliberation of the Board. Remuneration for senior executives is proposed by the Remuneration & Assessment Committee of the Board and decided by the Board after discussion.

2. Confirmation basis of remuneration: The allowances for independent directors and external supervisors are confirmed based on industry standards and real situation of the Company. The remuneration for senior executives implements floating reward mechanism with reference to basic salary and business performance. Bonus for performance rewards is withdrawal by proportion quarterly according to return on equity and based on the total net profit after taxation.

3. Actual remuneration payment: The allowances for each of the Company's independent directors, external director from non-shareholder's unit and each external supervisor are RMB 0.10 million per year, paid by actual month of service. The total remuneration for directors, supervisor and senior executives in the report period was RMB 23.846 million.

Remuneration for directors, supervisors and senior executives of the Company within the report period

Unit: RMB0,000

Name	Title	Sex	Age	Post-holding status	Total remuneration obtained from the Company before taxation	Received remuneration from related party of the Company or not
Chen Lin	Chairman of the Board	Female	47	Currently in office		Yes
Wang Jian	Secretary of the Party Committee, Deputy Chairman of the Board, CEO	Male	55	Currently in office	408.94	No
Zhan Weizai	Independent Director	Male	55	Currently in office	10	No
Zhu Guilong	Independent Director	Male	55	Currently in office	10	No
Zhu Qianyu	Independent Director	Female	44	Currently in office		No
Zhang Jinshun	Director	Male	54	Currently in office		Yes
Ye Weiqing	Director	Female	47	Currently in office		Yes
Cheng Xibao	Director	Female	37	Currently in office		Yes
Li Jianghua	Chairman of the supervisory board Employee Supervisor	Male	42	Currently in office		No
Li Xinjun	Supervisor	Male	51	Currently in office	10	No
Gao Changkun	Employee Supervisor	Male	50	Currently in office	27.93	No
Lu Wenhui	Executive Vice President	Male	56	Currently in office	506.10	No
Li Cuixu	Vice president	Male	44	Currently in office	144.95	No
He Jin	Vice president	Male	47	Currently in office	128.57	No
Yang Xinyu	Secretary of the Board	Male	39	Currently in office	185.47	No

Zhao Peng	Employee Supervisor	Male	57	Post leaving	103.53	No
Pan Yonghong	CEO	Male	50	Post leaving	423.01	No
Li Weinan	Vice president	Male	57	Post leaving	406.10	No
Jin Qingjun	Independent Director	Male	62	Post leaving	10	No
Zhang Wandong	Chairman of the supervisory board	Female	50	Post leaving	10	No
Total					2,384.60	

Directors and senior management of the company were granted equity incentives during the reporting period

√Applicable □Not applicable

Unit: Share

Name	Title	Number of shares outstanding during the report period	Number of shares already exercised during the report period	The exercise price of the exercised shares during the report period (RMB / share)	Market price at the end of the report period (RMB / share)	The number of restricted stocks held at the beginning of the period	Number of shares unlocked in this period	Number of restricted shares newly granted during the report period	The granting price of restricted stock (RMB / share)	The number of restricted stocks held at the end of the period
Chen Lin	Chairman of the Board					3,207,639	1,475,514		4.28	2,213,271
Wang Jian	Secretary of the Party Committee, Deputy Chairman of the Board, CEO							2,300,000	3.68	2,300,000
Lu Wenhui	Executive Vice President					2,405,729	1,106,635		4.28	1,659,953
Li Cuixu	Vice president							800,000	3.68	800,000
He Jin	Vice president					1,600,000	736,000	200,000	First grant: 4.28 Reserved grant: 3.68	1,304,000
Yang	Secretary of					2,291,170	1,053,938		4.28	1,580,907

Xinyu	the Board									
Li Weinan	Vice president					2,291,170	1,053,938		4.28	1,580,907
Total						11,795,708	5,426,025	3,300,000		11,439,038
Remarks (if any)		<p>①In case the unlocking conditions of the restricted stock incentive plan is satisfied, the restricted shares Unlock in three phases after 12 months from the date of grant: 40% of the restricted stocks will be available for circulation within the period (from the first trading day following the lock-up period of 12 months to the last trading day of lock-up period of 24 months), 30% of the restricted stocks will be available for circulation within the period (from the first trading day following the lock-up period of 24 months to the last trading day of the lock-up period of 36 months), and 30% of the restricted stocks will be available for circulation within the period (from the first trading day following the lock-up period of 36 months to the last trading day of the lock-up period of 48 months).</p> <p>②In the above directors and senior managers, Mr. Wang Jian, Mr. Li Cuixu and Mr. He Jin (200,000 shares) were granted reservations for restricted shares at a price of 3.68 yuan per share on Sep. 13, 2018.</p> <p>③ In the above-mentioned directors and senior managers, Ms. Chen Lin, Mr. Lu Wenhui, Mr. He Jin (with the exception of 200,000 shares reserved), Mr. Yang Xinyu and Mr. Li Weinan, are awarded restricted shares on Dec. 11, 2017. The conditions to unlock restricted shares in the first restriction periods have been satisfied after 12 months from the date of award, and therefore, the conditions on restricted shares were lifted on Dec. 21, 2018 in the first restriction periods. The amount of restricted shares involved accounts for 40% of the total number of restricted shares granted.</p>								

V. Particulars of workforce

1. Number, professional composition and educational background of employees

Number of employees in the parent company (person)	162
Number of employees in major subsidiaries of the Company (person)	10,638
Total number of employees (person)	10,800
Total number of employees received salaries in the period (person)	10,800
Number of retired employees whose costs bore by the parent company and its main subsidiaries (person)	
Professional composition	
Category of professional composition	Number of professional composition (person)
Production personnel	7,593
Salesman	599
Technician	1,435
Financial personnel	118
Administrative personnel	1,055

Total	10,800
Educational background	
Category of educational background	Number (person)
Doctor	7
Master	164
Undergraduate	2,227
Junior college	1,989
Degree below junior college	6,413
Total	10,800

2. Staff remuneration policy

In 2018, the company strengthened the application of performance results in salary management. By introducing the concept of organizational performance, the company advocated to provide favorable remuneration to high-performance organizations. Meanwhile, employees have been encouraged to improve their personal performance by working hard and make more contributions to the company, with accordingly rising performance incentives. The effective salary incentive has improved the enthusiasm of employees, enhanced the overall performance of the organization and thus help to achieve business objectives.

3. Staff training plan

The company has always attached great importance to the construction of talent team and the education and development of employees. Every year, the company sets up special funds for the training of employees' skills, ability development and quality improvement. The company has established all kinds of staff learning and development system and tailored learning and development system for high-, middle- and basic-level employees to stimulate employees' internal driving force, enhance enterprise competitiveness, and provide strong guarantee for the development of CSG. Based on the sustainable development strategy of H&R, the company will continuously deepen the scientific and systematic operation of learning and development work in order to promote management and increase efficiency.

4. Labor outsourcing

☐ Applicable ☒ Not applicable

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 documents on corporate governance of listed company issued by CSRS.

The Company has established the *Information Disclosure Management System* and promptly improved it in accordance with newly issued laws and regulations, clarified the standards of insider information, and established inside information insider registration system and record management system. In order to further strengthen the Company's internal information disclosure control, enhance the disclosure consciousness of relevant personnel, and improve the quality of corporate information disclosure, in 2016, the Company set up information Disclosure Committee, and formulate *Rules for the implementation of the information disclosure Committee*. During the report period, the Company disclosed information with facticity, completeness, timeliness and fairness, strictly fulfilled the responsibilities and obligations of information disclosure of listed companies to ensure that investors are able to keep abreast of the Company's operation and development strategies. There was no regulatory punishment caused by information disclosure in the report period. Meanwhile, the Company delivered the *Inside Information Insider Table* to Shenzhen Stock Exchange when submitting periodic reports. It didn't exist that insiders used the inside information to trade the Company's shares before the major sensitive information which could affect the Company's share price was disclosed.

The Company has seriously implemented the requirements of the relevant regulatory to cash dividends. The Company formulated the *Return plan for Shareholders of CSG Holding Co., Ltd. in the Next Three Years (2018- 2020)* according to relevant regulations of the *Notice of Further Implementation of Cash Dividends of the Listed Companies* (ZJF No.: [2012] 37) and the *Regulatory Guidelines of Listed Companies No. 3 - Cash Dividends of Listed Companies* (ZGZJHGG No. [2013] 43) issued by China Securities Regulatory Commission, further improved the Company's decision-making and supervision mechanism for distribution of profits, and protected the interests of investors.

During the report period, it did not exist that the Company provided the undisclosed information to the largest shareholder and actual controller. And it did not exist that non-operating fund of listed company was occupied by the largest shareholder and its affiliated enterprises.

Is there any difference between the actual condition of corporate governance and relevant regulations about corporate governance for listed company from CSRC?

☐ Yes ☒ No

There are no differences between the actual condition of corporate governance and relevant regulations about corporate governance for listed company from CSRC.

II. Independency of the Company relative to the largest shareholder' 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 occupied, 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 the 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.

III. Horizontal competition

☐ Applicable ☒ Not applicable

IV. 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	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
The First Extraordinary General Shareholders' Meeting of 2018	Extraordinary General Shareholders' Meeting	26.99%	2018-03-15	2018-03-16	Announcement No.: 2018-011 (www.cninfo.com.cn)
Annual General Shareholders' Meeting of 2017	Annual General Shareholders' Meeting	27.27%	2018-05-14	2018-05-15	Announcement No.: 2018-024 (www.cninfo.com.cn)
The Second Extraordinary General Shareholders' Meeting of 2018	Extraordinary General Shareholders' Meeting	26.84%	2018-08-06	2018-08-07	Announcement No.: 2018-041 (www.cninfo.com.cn)
The Third Extraordinary General	Extraordinary General	26.43%	2018-12-28	2018-12-29	Announcement No.:

Shareholders' Meeting of 2018	Shareholders' Meeting				2018-074 (www.cninfo.com.cn)
-------------------------------	-----------------------	--	--	--	---------------------------------

2. The preference shareholders convening the general meeting whose right to vote has been resumed

☐ Applicable ☒ Not applicable

V. Responsibility performance of independent directors in the report period

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

The situation of independent directors attending the board of directors and shareholders' meetings							
Name of independent director	Times of Board meeting supposed to attend in the report period	Times of Presence on the scene	Times of attending by communication way	Times of entrusted presence	Times of Absence	Whether absent the Meeting for the second time in a row or not	Times of Presence
Jin Qingjun	18	2	16			No	3
Zhan Weizai	18	2	16			No	3
Zhu Guilong	18	2	16			No	2

Explanation of absence for the Board Meeting twice in a row

Not applicable

2. Objection for relevant events from independent directors

Whether independent directors came up with objection about the Company's relevant matters or not

☐ Yes ☒ No

During the report period, the independent directors did not raise objections to the Company's related matters.

3. Other explanation about responsibility performance of independent directors

Whether the opinions from independent directors were adopted or not

☒ Yes ☐ No

Explanation of the opinions from independent directors which were adopted or not adopted

In the report period, independent directors of the Company attended the board meetings and general shareholders' meetings, conscientiously performed their duties, and put forward constructive opinions or suggestions for the development of the Company strictly according to the requirements of *the Guidelines for Operation of the Listed Companies on Main Board of Shenzhen Stock Exchange*, *the Listing Rules of Shenzhen Stock Exchange Stock*, *the Guidelines for Establishment of Independent Director Mechanism for Listed Companies* and *the Article of Association*. Each independent director seriously deliberated all motions of the board of directors, gave independent opinions on significant operating management issues, engagement of senior management, internal control construction and so on, which played a positive role in safeguarding the interests of the company and minority shareholders.

VI. 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:

①Deliberate the Company's financial statement and issue opinions

During the reporting period, in accordance with the requirements of the CSRC, the Audit Committee reviewed the relevant annual work plan for the audit of annual reports submitted by certified public accountants before the annual audited certified public accountants entered the market, and provided guidance opinions; At the same time, the basis, principles, and methods for the preparation of the Company's accounting statements are in compliance with the relevant provisions of national laws and regulations, and in all major respects they fairly reflect the financial status of the Company on December 31, 2018 and its operating results in 2018.

②Supervise the audit works conducted by the accountant firm

The Audit Committee communicated with the accounting firms and provides guidance and requirements for the annual financial report audit work and the plans and arrangements for the internal control report audit work. After the CPA came into the audit, the members of the Audit Committee kept close contact with the Company and the main project responsible personnel to understand the progress of the audit work and the concerns of the accountants, and timely feedback to the company's relevant departments to ensure that the annual audit and information disclosure work was conducted as scheduled.

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

Asia Pacific (Group) CPAs (special general partnership) strictly follows the China Auditing Standards and practices diligently, paying attention to the communication with the management and the audit committee, which reflects strong professional knowledge, good professional ethics and risk awareness. The firm successfully completed the company's 2018 financial statement audit work and internal control audit work, and the audit quality is trustworthy.

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 4 directors, and 3 of them are independent directors. The convoker is independent director.

①During the reporting period, the Compensation and Assessment Committee examined the remuneration of the management team of CSG and approved to report such remuneration to the board of directors for consideration.

②According 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.

③The 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.

Nomination committee of the Board performed evaluation on the work of the Board, and believed that the directors of 8th 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 4 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, guarantee for controlling subsidiaries, related transaction, and investment projects of the Company, which were submitted to the board for consideration.

VII. Performance of the Supervisory Committee

During the report period, the Supervisory Committee found whether there was risk in the Company in the supervisory activities.

☐ Yes ☒ No

The Supervisory Committee had no objection on the supervised events during the report period.

VIII. Performance examination and incentives of senior management

On December 21, 2018, the company held an extraordinary meeting of the 8th board of directors, and reviewed and approved the “Proposal on the Compensation of CSG Group Management Team”. In order to maximize the company's operating efficiency, fully mobilize the enthusiasm of the management team to ensure the completion of the company's various operational indicators, the board of directors agreed to adopt an annual salary system for the company's management team. The annual salary system consists of a fixed annual salary and performance bonus. The performance bonus is an incentive income. The company conducts accounting according to the overall business situation and individual assessment. The specific payment rules are implemented according to the company's annual assessment plan. These measures have been implemented since 2018.

IX. Internal Control

1. Particulars about significant defects found in the internal control during the report period

☐ Yes ☒ No

2. Self-appraisal report of internal control

Disclosure date of full text of self-appraisal report of internal control		17 April 2019
Disclosure index of full text of self-appraisal report of internal control		More details found in “Report of Internal Control of CSG for year of 2018” published on Juchao Website (http://www.cninfo.com.cn)
The ratio of the total assets of the units included in the scope of evaluation to the total assets of the Company's consolidated financial statements		92%
The ratio of the operating income of the units included in the scope of evaluation to the operating income of the Company's consolidated financial statements		95%
Standards of Defects Evaluation		
Category	Financial Reports	Non-financial Reports
Qualitative criteria	Major defects: A. Fraud of directors, supervisors and senior management; B. Ineffective control environment; C. Invalid internal supervision; D. Major internal control defects found and reported to the management but haven't been corrected after a reasonable time; E. Material misstatements are found by the external audit but haven't been found in the process of internal control;	Major defects: A. Major decision-making mistakes caused by decision-making process of key business; B. Serious violation of state laws and regulations; C. Serious brain drain of senior and middle management and or personnel at key technological posts; D. Major or significant defects found in the internal control evaluation have not been rectified and reformed; E. The company's major negative news frequently

	<p>F. Financial reports submitted during the reporting period completely cannot meet the needs and are severely punished by regulatory agencies;</p> <p>G. Other major defects that may affect the report users' correct judgment.</p> <p>Significant defects:</p> <p>A. Defects or invalidation of important financial control procedures;</p> <p>B. Significant misstatements are found by the external audit but haven't been found in the process of internal control;</p> <p>C. Financial reports submitted during the reporting period have mistakes frequently;</p> <p>D. Other significant defects that may affect the report users' correct judgment.</p> <p>Common defects: Other control defects except for major defects and significant defects.</p>	<p>appears on media;</p> <p>Significant defects:</p> <p>A. Big deviation of execution caused by executive routine of key business;</p> <p>B. Regulatory authorities impose large amount of fines because the violation of laws and regulations;</p> <p>C. Defects or invalidation of important business' internal control procedures;</p> <p>Common defects: Other control defects except for major defects and significant defects.</p>
Quantitative standard	<p>Major defects:</p> <p>A. Amount of net profit affected by misstatements (based on consolidated statements): amount affected by misstatements is equal to or greater than 3% of net profit and the absolute amount is no less than 30 million yuan;</p> <p>B. Amount of assets and liabilities affected by misstatements (based on consolidated statements): amount affected by misstatements is equal to or greater than 1% of total assets.</p> <p>Significant defects:</p> <p>A. Amount of net profit affected by misstatements (based on consolidated statements): not belong to major defects and amount affected by misstatements is equal to or greater than 2% of net profit and the absolute amount is no less than 20 million yuan;</p> <p>B. Amount of assets and liabilities affected by misstatements (based on consolidated statements): amount affected by misstatements is equal to or greater than 0.5% of total assets but less than 1% of total assets.</p> <p>Common defects: Defects except for major and significant defects.</p>	<p>Major defects:</p> <p>A. Amount of direct property loss: the direct loss amount is equal to or greater than 30 million yuan;</p> <p>B. Group's reputation: major negative news spreads in numerous business areas or is widely reported by national media and causes significant damages to the corporate reputation which takes more than six months to be restored.</p> <p>Significant defects:</p> <p>A. Amount of direct property loss: the direct loss amount is equal to or greater than 20 million yuan but less than 30 million yuan;</p> <p>B. Group's reputation: negative news spreads inside the industry or is reported or focused by local media and causes certain damages to the corporate reputation which takes more than three months but less than six months to be restored.</p> <p>Common defects:</p> <p>A. Amount of direct property loss: defects except for major and significant defects.</p> <p>B. Group's reputation: negative news spreads within the group and causes minor damages to the corporate reputation which takes less than three months to be restored.</p>
Amount of significant defects in financial reports		
Amount of significant defects in non-financial reports		
Amount of important defects in financial reports		
Amount of important defects in non-financial reports		

Notes of the major issues related to internal control:

As of the issuance date of the report, the company did not find internal control information which might have a significant impact on the investors' understanding of the internal control evaluation report or their evaluation of internal control of the company or on the investment decisions made by investors.

X. Audit report of internal control

☒ Applicable ☐ Not applicable

Deliberations in Internal Control Audit Report	
According to Guidelines of Enterprise Internal Control Audit and the relevant requirements of CICPA auditing standards, Asia Pacific (Group) CPAs (special general partnership) (hereinafter referred to as AP) audited the effectiveness of internal control over financial statements of the Company up to 31 December 2018, issued AP Ya-Kuai- A-Zhuan-Zi (2019) No. 0021 Internal Control Audit Report and made the following opinions: AP thought that CSG Holding Co., Ltd. maintained effective internal control over financial statements in all major aspects according to the Fundamental Norms of Enterprise Internal Control and relevant rules on December 31, 2018.	
Date of disclosing the internal control audit reports	17 April 2019
Disclosure index of internal control audit report	More details can be found in 2018 Internal Control Audit Report of CSG released on Juchao Website (http://www.cninfo.com.cn)
Type of the auditor's opinion	Standard unqualified opinion
Whether there are major flaws in the non-financial report or not	No

Whether the CPAs firm issued an Audit Report on Internal Control with non-standard opinion or not?

☐ Yes ☒ No

Whether the Audit Report on Internal Control from the CPAs firm is in consistent with the Self-appraisal Report from the Board or not?

☒ Yes ☐ No

Section IX. Financial Report

I. Report of the Auditors

Type of Auditor's Opinion	Standard and unqualified
Issue date of Report of the Auditors	16 April 2019
Name of Auditor's organization	Asia Pacific (Group) CPAs (special general partnership)
Reference number of Report of the Auditors	Ya-Kuai- A-Shen-Zi (2019) No. 0034
Name of CPA	Zhao Qingjun, Zhou Xianhong

Auditor's Report

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

I. Opinion

We have audited the accompanying financial statements of CSG Holding Co., Ltd. (hereinafter "the Company"), which comprise the Separate/Consolidated Statements of Financial Position as at 31 December 2018, and the Separate/Consolidated Statements of profit or loss, the Separate/Consolidated Statements of changes in equity and the Separate/Consolidated Statements of cash flows for the year then ended, and the notes to the financial statements.

In our opinion, the financial statements attached were prepared in line with the regulations of Accounting Standards for Business Enterprises in all significant aspects which gave a true and fair view of the consolidated and parent financial position of the Company as at Dec. 31, 2018 and the consolidated and parent business performance and cash flow of the Company for 2018.

II. Basis of Opinion

We conducted our audit in accordance with Standards on Auditing for Certified Public Accountants. Our responsibility is to express an opinion on these financial statements based on our audit. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determine the followings are key audit matters in need of communication in our report.

I) Impairment of fixed assets and the construction in progress

1. Matter description

As disclosed in the financial report, by 31st Dec 2018, Impairment provision for construction in progress of the CSG Group was RMB 366.69 million, Impairment provision for the fixed assets was RMB111.68 million. On 31 May 2018, the state introduced the 'Circular of matters concerning Photovoltaic Power Generation in 2018', The policies mentioned above considerably affected the operations of

CSG's solar industry, by 'the section 8 of accounting standards for business enterprises- impairments of assets', the management of the company identified and ran impairment tests for some parts of related assets showing a sign of impairment. During the impairment test, the management has engaged an independent valuer to assist in the identification and valuation of the recoverable amount of relevant asset, and compared it with the book value of the corresponding assets. The test results showed that the recoverable amount of related assets was less than its book value. According to the difference, the provision for impairment of fixed assets and construction in progress should be noted by the company.

Due to the procedure of related assets impairment involved significant decisions and predictions made by the management team, we therefore have confirmed this as a key audit matter.

2. Countermeasures of Audit

1 Understood and tested the effectiveness of its execution of the internal control system of the fixed assets and the construction in progress;

2 Evaluated management's identification of relevant asset groups assertions and the amount of assets allocated in each asset group;

3 Checked the management's process of identifying the signs of impairment of related assets and assessed the reasonableness of their judgments;

4 Discussed with the management the specific process of the relevant asset impairment test, and understood the evaluation and approval process of the impairment test results;

5 Evaluated the management's use of the valuation method, discussed with the independent valuer the appropriateness of the valuation method, and independently compare the key assumptions, parameters and discount rates of the assessment with historical financial data and industry trends analysis;

6 Checked the asset in field survey and understood use of relevant asset and Reviewed relevant disclosures in the presentation of financial statements

II) Provision of Impairment in goodwill

1. Matter description

As disclosed in Notes, in December 31, 2018, the original value of CSG Group goodwill RMB 397.39 million as its acquired Shenzhen CSG Display Technology Co., Ltd. The management is required to annually perform the impairment test for goodwill. The management has engaged an independent valuer to assist in the identification and valuation of the recoverable amount of asset groups. The management tests goodwill for impairment by estimating the recoverable amounts of the asset groups that goodwill is allocated to, and then comparing these recoverable amounts with the carrying value of those asset groups and goodwill. The result of the impairment test indicated that the recoverable amount of the relevant asset group of goodwill is lower than the book value, and the provision for goodwill impairment should be noted by company. The group predicted the recoverable amounts which involves forecast of asset groups future cash flows, including significant judgments and assumptions including the selling price, the cost of production, the operating expense, the discount rate, the growth rate, etc. As the goodwill impairment test involved a complex process and the significant judgments of the Company's management, therefore, we consider this matter as key audit matters.

2. Countermeasures of Audit

1 Understood and tested the effectiveness of its execution of the internal control system of the provision of impairment in goodwill;

2 Checked whether goodwill was allocated to each of the cash-generating units in a reasonable methods;

3 Compared the relevant asset groups actual results in 2018 with their corresponding estimates made in the prior year to evaluate the reliability of the management's estimates on cash flows;

4 Discussed with the management on key assumptions and assessed its rationality, including but not limited the key parameters for obtaining significant management estimates and judgments, such as the revenue growth rate, the gross profit margin, the expense growth rate and the discount rate etc., compared and analyzed historical data and industry level of relevant asset groups;

5 Discussed with the valuation experts the appropriateness of the application of the valuation method, and make independent

comparison and analysis of the key assumptions, parameters and discount rates of the assessment combined with historical financial data and industry development trends;

6 Checked the goodwill impairment test model calculation accuracy ;

7 Checked whether the impairment of goodwill have been properly presented and disclosed in the financial statements as required.

IV. Other information

The management layer of the Company (hereinafter referred to as the management layer) shall be responsible for other information, including the information covered in the financial report, but excludes financial statements and our audit report.

Our audit opinions on financial statements do not cover other information; we will not make the authentication conclusion on other information in any form.

Combining our audit of the financial statement, our responsibility is to read other information, during which, we shall consider that whether other information has any significant difference with the financial statement or the circumstance we know during the audit or is there any significant misstatement.

Based on the work we already executed, if we confirm that there are significant misstatements in other information, we shall report such a fact. On such aspect, there is nothing to report.

V. Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the *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.

In preparing financial statements, the management layer is responsible for assessing the Company's sustained business capability, disclosing matters related to continue operating, using the going-concern assumption unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The governance layer is responsible for supervising the financial reporting process of the company.

VI. The responsibility of Certified Public Accountants for the financial statement auditing.

Our objective is to obtain reasonable assurance on whether there is no misstatement in overall financial statements caused by fraud or error, and issue the audit report with audit opinions. Reasonable assurance is the high-level assurance, but it can't assure that a certain major misstatement can be always found when auditing according to the audit standard. The misstatement may be caused by malpractices or

error. If the misstatements within the rational expectations may affect the economic decision of the financial statement user according to the financial statement, it shall be deemed that the misstatement is significant.

During the process of conducting the audit work according to audit standards, we apply professional judgment and keep professional skepticism. Meanwhile, we also perform the following tasks:

(1) Identify and Estimate the significant misstatement risks of the financial statement due to the malpractices and error, design and implement the audit procedures to respond those risks, and obtain adequate and proper audit evidence serving as the basis of publishing the audit opinions. Since malpractices may involve in collusion, falsification, intentional omission, misrepresentation or overriding the internal control, the risk of failing to detect a significant misstatement due to malpractices is higher than the risk of failing to detect a significant misstatement due to the error.

(2) Understand the internal control related to audit, so as to design appropriate audit procedures.

(3) Estimate the appropriateness of the accounting policies selected by the management layer, and the rationality of making accounting estimate and relevant disclosures.

(4) Draw a conclusion on the appropriateness of the going concern assumption used by the management layer. Meanwhile, according to the obtained audit evidence, it may cause to come to the conclusion that there are substantial doubtful events or major uncertainty for the sustainable operation ability of the Company. In case that

we come to the conclusion that there is a significant uncertainty, the audit standards require us to remind the users of the statements to pay attention to relevant disclosures in the financial statements in the audit report; In case of any insufficient disclosure, we shall give modified opinions. Our conclusion is based on the available information up to the audit report day. However, the future events or circumstances may cause the Company cannot continue to operate.

(5) Estimate the overall presentation, structure and content (disclosure included) of the financial statements, and Estimate whether the financial statements fairly reflect relevant transactions and matters.

(6) Acquire adequate and appropriate audit evidences on the financial information of the entity or business activities of the Company, and give audit opinions on the consolidated financial statements. We are responsible for guiding, supervising and executing the audit of the Group, and take all responsibilities for the audit opinions.

We communicate with the governance layer about the audit scope, schedule, significant audit findings and other matters within the plan, including the noteworthy internal control defects recognized by us during the audit.

We also provide statements to the governance layer on the compliance with the professional ethics requirement related to the independence, and communicate with

the governance layer on all relationships and other matters that may reasonably be considered to affect our independence, as well as relevant preventive measures.

From the matters that we have communicated with the governance layer, we confirm the most important matters for the audit of the current financial statements, and thus constitute the key audit matters. We describe these matters in our audit report, unless laws and regulations prohibit the public disclosure of these matters, or in rare cases, if it is reasonably expected that the negative consequences of communicating a matter in the audit report will surpass the benefits in the public interests, we confirm that the matter shall not be communicated in the audit report.

Asia-Pacific (Group)
Certified Public Accountants
(special general partnership)

Certified Public Accountant of China

Beijing, China
16 April 2019

Certified Public Accountant of China

CSG HOLDING CO., LTD.
CONSOLIDATED AND COMPANY'S BALANCE SHEETS
AS AT 31 DECEMBER 2018

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

ASSETS	Note	31 December 2018	31 December 2017	31 December 2018	31 December 2017
		Consolidated	Consolidated	Company	Company
Current assets					
Cash at bank and on hand	4(1)	2,226,447,720	2,462,605,764	1,700,726,151	1,681,877,320
Notes receivable and Accounts receivable	4(2)	1,311,608,760	1,190,470,710	-	-
Including :Notes receivable	4(2)1	719,375,448	552,232,420	-	-
Accounts receivable	4(2)2	592,233,312	638,238,290	-	-
Advances to suppliers	4(3)	91,176,675	143,848,023	438,167	146,132
Other receivables	4(4)/17(1)	207,424,295	205,939,019	2,912,516,245	2,400,334,816
Inventories	4(5)	600,139,750	685,895,317	-	-
Assets classified as held for sale	4(6)	45,983,520	45,983,520	-	-
Other current assets	4(7)	445,327,449	200,847,989	300,000,000	-
Total current assets		4,928,108,169	4,935,590,342	4,913,680,563	4,082,358,268
Non-current assets					
Long-term receivables	17(3)	-	-	1,200,000,000	1,200,000,000
Long-term equity investments	17(2)	-	-	4,964,696,831	4,795,987,652
Fixed assets	4(8)	9,930,843,775	11,540,769,697	20,926,071	22,182,246
Construction in progress	4(9)	2,559,179,442	1,417,624,618	-	-
Intangible assets	4(10)	1,035,731,324	1,047,222,407	879,146	1,742,109
Development expenditure	4(10)	74,549,257	61,365,537	-	-
Goodwill	4(11)	376,720,156	397,392,156	-	-
Long-term prepaid expenses		12,746,609	2,223,397	-	-
Deferred tax assets	4(12)	139,529,518	80,872,862	-	-
Other non-current assets	4(13)	56,825,934	51,941,352	732,038	2,132,041
Total non-current assets		14,186,126,015	14,599,412,026	6,187,234,086	6,022,044,048
TOTAL ASSETS		19,114,234,184	19,535,002,368	11,100,914,649	10,104,402,316

CSG HOLDING CO., LTD.
CONSOLIDATED AND COMPANY'S BALANCE SHEETS (CONT'D)
AS AT 31 DECEMBER 2018

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

		31 December 2018	31 December 2017	31 December 2018	31 December 2017
LIABILITIES AND OWNERS' EQUITY	Note	Consolidated	Consolidated	Company	Company
Current liabilities					
Short-term borrowings	4(15)	2,922,679,590	3,704,630,909	2,000,000,000	2,600,000,000
Notes payable and Accounts payable	4(16)	1,315,009,263	1,613,567,664	261,024	261,024
Including : Notes payable	4(16)1	105,150,000	213,401,622	-	-
Accounts payable	4(16)2	1,209,859,263	1,400,166,042	261,024	261,024
Advances from customers	4(17)	206,631,008	195,563,465	-	-
Employee benefits payable	4(18)	266,459,151	272,170,660	41,096,020	40,856,313
Taxes payable	4(19)	111,967,365	111,996,764	1,099,231	1,762,580
Other payables	4(20) /17(4)	552,751,187	653,357,094	1,668,587,218	912,523,726
Including : Interest payable	4(20)1	73,612,703	34,032,740	41,572,125	3,090,735
Dividends payable	4(20)2	2,846,362	-	2,846,362	-
Other payables	4(20)3	476,292,122	619,324,354	1,624,168,731	909,432,991
Current portion of non-current liabilities	4(21)	819,448,742	904,261,397	-	180,000,000
Other current liabilities		300,000	300,000	-	-
Total current liabilities		6,195,246,306	7,455,847,953	3,711,043,493	3,735,403,643
Non-current liabilities					
Long-term borrowings	4(22)	2,315,700,000	1,554,120,000	2,000,000,000	1,200,000,000
Long-term payables	4(23)	529,910,796	1,161,794,247	-	-
Deferred tax liabilities	4(12)	22,118,840	20,915,954	-	-
Deferred income	4(24)	601,825,780	562,701,103	184,642,520	186,526,280
Total non-current liabilities		3,469,555,416	3,299,531,304	2,184,642,520	1,386,526,280
Total liabilities		9,664,801,722	10,755,379,257	5,895,686,013	5,121,929,923
Shareholders' equity					
Share capital	4(25)	2,863,277,201	2,484,147,547	2,863,277,201	2,484,147,547
Capital surplus	4(26)	1,095,339,421	1,306,381,765	1,240,166,735	1,451,209,079
Less: Treasury shares	4(27)	(277,180,983)	(417,349,879)	(277,180,983)	(417,349,879)
Other comprehensive income	4(28)	5,080,234	1,948,943	-	-
Special reserve	4(29)	6,068,600	3,224,938	-	-
Surplus reserve	4(30)	924,305,375	920,592,332	938,850,735	935,137,692
Undistributed profits	4(31)	4,486,264,723	4,159,642,227	440,114,948	529,327,954
Total equity attributable to shareholders of parent company		9,103,154,571	8,458,587,873	5,205,228,636	4,982,472,393
Minority interests		346,277,891	321,035,238	-	-
Total shareholders' equity		9,449,432,462	8,779,623,111	5,205,228,636	4,982,472,393
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		19,114,234,184	19,535,002,368	11,100,914,649	10,104,402,316

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

Legal representative: Chen Lin

Principal in charge of accounting: Wang Jian

Head of accounting department: Wang Wenxin

CSG HOLDING CO., LTD.
CONSOLIDATED AND COMPANY'S INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

Item	Note	2018	2017	2018	2017
		Consolidated	Consolidated	Company	Company
Revenue	4(32)	10,609,963,011	10,879,400,746	58,900,937	58,687,566
Less: Cost of sales	4(32)	(8,120,481,894)	(8,216,358,372)	-	-
Taxes and surcharges	4(33)	(140,424,851)	(124,523,926)	(516,457)	(4,942,397)
Selling and distribution expenses	4(34)	(354,983,459)	(336,131,723)	-	-
General and administrative expenses	4(35)	(731,215,251)	(588,652,397)	(177,600,771)	(117,287,822)
Research and development expenses	4(36)	(338,791,891)	(330,677,375)	(7,601)	(6,779)
Financial expenses - net	4(37)	(349,403,487)	(315,961,080)	(76,503,819)	(42,124,252)
Including: interest expenses		(401,627,067)	(314,603,596)	(131,665,668)	(53,413,267)
interest income		61,857,535	12,606,285	57,796,521	11,043,439
Asset impairment loss	4(39)	(136,546,150)	(69,399,755)	(22,950)	(80,219)
Investment income/(loss)	4(40) /17(5)	-	427,636	231,537,607	436,068,825
Income on disposal assets	4(41)	(454,368)	(1,768,993)	2,440	-
Other Income	4(42)	94,618,039	84,341,814	2,049,664	1,568,240
Operating profit		532,279,699	980,696,575	37,839,050	331,883,162
Add: Non-operating revenue	4(43)	13,858,651	20,763,042	134,006	40,000
Less: Non-operating expenses	4(44)	(1,541,471)	(5,152,591)	(243,265)	(3,426,562)
Total profit		544,596,879	996,307,026	37,729,791	328,496,600
Less: Income tax (expenses)/revenue	4(45)	(72,388,291)	(167,670,991)	(599,358)	(7,655,575)
Net profit		472,208,588	828,636,035	37,130,433	320,841,025
Classified by continuous operation:					
Net income from continuing operations ("+" for net loss)		472,208,588	828,636,035	37,130,433	320,841,025
Net income from discontinued operations ("+" for net loss)		-	-	-	-
Classified by equity ownership:					
Attributable to shareholders of parent company		452,965,935	825,388,312	-	-
Minority interests		19,242,653	3,247,723	-	-
Other comprehensive income net after tax		3,131,291	(2,705,028)	-	-
Other comprehensive income net after tax attributable to shareholders of parent company		3,131,291	(2,705,028)	-	-
Other comprehensive income items which will be reclassified subsequently to profit or loss		3,131,291	(2,705,028)	-	-
Differences on translation of foreign currency financial statements		3,131,291	(2,705,028)	-	-
Other comprehensive income net after tax attributable to minority interests		-	-	-	-
Total comprehensive income	4(28)	475,339,879	825,931,007	37,130,433	320,841,025
Total comprehensive income attributable to shareholders of parent company		456,097,226	822,683,284		
Total comprehensive income attributable to minority interests		19,242,653	3,247,723		
Earnings per share	4(46)				
Basic earnings per share (RMB Yuan)	4(46)	0.16	0.30		
Diluted earnings per share (RMB Yuan)	4(46)	0.16	0.29		

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

Legal representative: Chen Lin

Principal in charge of accounting: Wang Jian

Head of accounting department: Wang Wenxin

CSG HOLDING CO., LTD.
CONSOLIDATED AND COMPANY'S CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

Item	Note	2018 Consolidated	2017 Consolidated	2018 Company	2017 Company
1. Cash flows from operating activities					
Cash received from sales of goods or rendering of services		11,788,692,400	12,159,560,836	61,224,074	84,336,551
Refund of taxes and surcharges		82,340,672	24,706,337	-	-
Cash received relating to other operating activities	4(47)(a)	215,823,594	72,348,567	62,104,734	16,104,051
Sub-total of cash inflows		12,086,856,666	12,256,615,740	123,328,808	100,440,602
Cash paid for goods and services		(7,251,436,467)	(7,206,584,779)	-	(65,853)
Cash paid to and on behalf of employees		(1,316,396,954)	(1,204,981,471)	(96,333,808)	(61,388,549)
Payments of taxes and surcharges		(784,858,705)	(795,627,245)	(3,313,177)	(17,355,536)
Cash paid relating to other operating activities	4(47)(b)	(603,786,440)	(585,976,089)	(31,902,035)	(26,421,920)
Sub-total of cash outflows		(9,956,478,566)	(9,793,169,584)	(131,549,020)	(105,231,858)
Net cash flows from/(used in) operating activities		2,130,378,100	2,463,446,156	(8,220,212)	(4,791,256)
2. Cash flows from investing activities					
Cash received from returns on investments		-	-	231,537,607	436,068,825
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		4,272,239	4,370,785	2,440	-
Cash received relating to other investing activities	4(47)(c)	31,055,318	187,756,255	-	5,966,582
Sub-total of cash inflows		35,327,557	192,127,040	231,540,047	442,035,407
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(695,872,456)	(1,212,172,338)	(6,675,786)	(3,996,610)
Cash paid to acquire investments		-	-	(72,000,000)	-
Cash paid relating to other investing activities	4(47)(d)	(118,263,080)	(200,085,036)	(45,168)	(284,975)
Sub-total of cash outflows		(814,135,536)	(1,412,257,374)	(78,720,954)	(4,281,585)
Net cash flows (used in)/from investing activities		(778,807,979)	(1,220,130,334)	152,819,093	437,753,822
3. Cash flows from financing activities					
Cash received from capital contributions		36,161,814	417,349,879	36,161,814	417,349,879
Including: Cash received from capital contributions by minority shareholders of subsidiaries		-	-	-	-
Cash received from borrowings		4,636,519,062	4,096,568,050	3,340,000,000	2,750,693,638
Cash received relating to other financing activities	4(47)(e)	-	3,616,000,000	44,696,063	2,700,067,157
Sub-total of cash inflows		4,672,680,876	8,129,917,929	3,420,857,877	5,868,110,674
Cash repayments of borrowings		(4,737,952,772)	(5,154,107,768)	(3,320,000,000)	(4,646,723,365)
Cash payments for interest expenses and distribution of dividends or profits		(503,060,429)	(558,404,559)	(225,366,612)	(275,981,816)
Including: Cash payments for dividends to minority shareholders of subsidiaries		-	(2,488,500)	-	-
Cash payments relating to other financing activities	4(47)(f)	(1,020,125,951)	(1,783,109,674)	-	-
Sub-total of cash outflows		(6,261,139,152)	(7,495,622,001)	(3,545,366,612)	(4,922,705,181)
Net cash flows (used in)/from financing activities		(1,588,458,276)	634,295,928	(124,508,735)	945,405,493
4. Effect of foreign exchange rate changes on cash					
		2,261,903	(2,425,575)	(1,248,202)	666,398

5. Net increase/(decrease) in cash and cash equivalents	4(48)(b)	(234,626,252)	1,875,186,175	18,841,944	1,379,034,457
Add: Cash and cash equivalents at beginning of year		2,459,753,165	584,566,990	1,680,672,390	301,637,933
6. Cash and cash equivalents at end of year	4(48)(c)	2,225,126,913	2,459,753,165	1,699,514,334	1,680,672,390

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

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

CSG HOLDING CO., LTD.**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

Item	Note	Attributable to shareholders of parent company								Minority interests	Total shareholders' equity
		Share capital	Capital surplus	Less: Treasury share	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Sub-total		
		4(25)	4(26)	4(27)	4(28)	4(29)	4(30)	4(31)			
Balance at 1 January 2017		2,075,335,560	1,260,702,197	-	4,653,971	5,843,473	888,508,230	3,573,871,573	7,808,915,004	320,276,015	8,129,191,019
Movements for the year ended 31 December 2017											
Total comprehensive income											
Net profit		-	-	-	-	-	-	825,388,312	825,388,312	3,247,723	828,636,035
Other comprehensive income	4(28)	-	-	-	(2,705,028)	-	-	-	(2,705,028)	-	(2,705,028)
Total comprehensive income		-	-	-	(2,705,028)	-	-	825,388,312	822,683,284	3,247,723	825,931,007
Capital contribution and withdrawal by shareholders		97,511,654	356,979,901	(417,349,879)	-	-	-	-	37,141,676	-	37,141,676
Share-based payments		97,511,654	328,032,920	(417,349,879)	-	-	-	-	8,194,695	-	8,194,695
Shareholders' Interest-free borrowing		-	28,946,981	-	-	-	-	-	28,946,981	-	28,946,981
Profit distribution		-	-	-	-	-	32,084,102	(239,617,658)	(207,533,556)	(2,488,500)	(210,022,056)
Appropriation to surplus reserve	4(30)	-	-	-	-	-	32,084,102	(32,084,102)	-	-	-
Distribution to the shareholders	4(31)	-	-	-	-	-	-	(207,533,556)	(207,533,556)	(2,488,500)	(210,022,056)
Special reserve		-	-	-	-	(2,618,535)	-	-	(2,618,535)	-	(2,618,535)
Special reserve appropriate	4(29)	-	-	-	-	7,831,127	-	-	7,831,127	-	7,831,127
Special reserve used	4(29)	-	-	-	-	(10,449,662)	-	-	(10,449,662)	-	(10,449,662)
Internal transfer of shareholders' equity		311,300,333	(311,300,333)	-	-	-	-	-	-	-	-
Capital reserve to share capital		311,300,333	(311,300,333)	-	-	-	-	-	-	-	-
Balance at 31 December 2017		2,484,147,547	1,306,381,765	(417,349,879)	1,948,943	3,224,938	920,592,332	4,159,642,227	8,458,587,873	321,035,238	8,779,623,111

CSG HOLDING CO., LTD.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2018

Item	Note	Attributable to shareholders of parent company							Minority interests	Total shareholders' equity	
		Share capital	Capital surplus	Less: Treasury share	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits			Sub-total
		4(25)	4(26)	4(27)	4(28)	4(29)	4(30)	4(31)			
Balance at 1 January 2018		2,484,147,547	1,306,381,765	(417,349,879)	1,948,943	3,224,938	920,592,332	4,159,642,227	8,458,587,873	321,035,238	8,779,623,111
Movements for the year ended 31 December 2018											
Total comprehensive income											
Net profit		-	-	-	-	-	-	452,965,935	452,965,935	19,242,653	472,208,588
Other comprehensive income	4(28)	-	-	-	3,131,291	-	-	-	3,131,291	-	3,131,291
Total comprehensive income		-	-	-	3,131,291	-	-	452,965,935	456,097,226	19,242,653	475,339,879
Capital increase or decrease from shareholder		6,507,523	161,579,787	140,168,896	-	-	-	-	308,256,206	6,000,000	314,256,206
Minority shareholders invest capital		-	-	-	-	-	-	-	-	6,000,000	6,000,000
Share-based payments		6,507,523	161,579,787	140,168,896	-	-	-	-	308,256,206	-	308,256,206
Profit distribution		-	-	-	-	-	3,713,043	(126,343,439)	(122,630,396)	-	(122,630,396)
Appropriation to surplus reserve	4(30)	-	-	-	-	-	3,713,043	(3,713,043)	-	-	-
Distribution to the shareholders	4(31)	-	-	-	-	-	-	(122,630,396)	(122,630,396)	-	(122,630,396)
Special reserve		-	-	-	-	2,843,662	-	-	2,843,662	-	2,843,662
Special reserve appropriate	4(29)	-	-	-	-	8,319,885	-	-	8,319,885	-	8,319,885
Special reserve used	4(29)	-	-	-	-	(5,476,223)	-	-	(5,476,223)	-	(5,476,223)
Internal transfer of shareholders' equity		372,622,131	(372,622,131)	-	-	-	-	-	-	-	-
Capital reserve to share capital		372,622,131	(372,622,131)	-	-	-	-	-	-	-	-
Balance at 31 December 2018		2,863,277,201	1,095,339,421	(277,180,983)	5,080,234	6,068,600	924,305,375	4,486,264,723	9,103,154,571	346,277,891	9,449,432,462

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

Legal representative: Chen Lin

Principal in charge of accounting: Wang Jian

Head of accounting department: Wang Wenxin

CSG HOLDING CO., LTD.

**COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

Item	Attributable to shareholders of parent company					
	Share capital	Capital surplus	Less: Treasury share	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at 1 January 2017	2,075,335,560	1,405,529,511	-	903,053,590	448,104,587	4,832,023,248
Movements for the year ended 31 December 2017						
Total comprehensive income						
Net profit	-	-	-	-	320,841,025	320,841,025
Total comprehensive income	-	-	-	-	320,841,025	320,841,025
Capital increase or decrease from shareholder	97,511,654	356,979,901	(417,349,879)	-	-	37,141,676
Share-based payments	97,511,654	328,032,920	(417,349,879)	-	-	8,194,695
Shareholders' Interest-free borrowing	-	28,946,981	-	-	-	28,946,981
Profit distribution	-	-	-	32,084,102	(239,617,658)	(207,533,556)
Appropriation to surplus reserve	-	-	-	32,084,102	(32,084,102)	-
Distribution to the shareholders	-	-	-	-	(207,533,556)	(207,533,556)
Capital reserve to share capital	311,300,333	(311,300,333)	-	-	-	-
Balance at 31 December 2017	2,484,147,547	1,451,209,079	(417,349,879)	935,137,692	529,327,954	4,982,472,393
Balance at 1 January 2018	2,484,147,547	1,451,209,079	(417,349,879)	935,137,692	529,327,954	4,982,472,393
Movements for the year ended 31 December 2018						
Total comprehensive income						
Net profit	-	-	-	-	37,130,433	37,130,433
Total comprehensive income	-	-	-	-	37,130,433	37,130,433
Capital increase or decrease from shareholder	6,507,523	161,579,787	140,168,896	-	-	308,256,206
Share-based payments	6,507,523	161,579,787	140,168,896	-	-	308,256,206
Profit distribution	-	-	-	3,713,043	(126,343,439)	(122,630,396)
Appropriation to surplus reserve	-	-	-	3,713,043	(3,713,043)	-
Distribution to the shareholders	-	-	-	-	(122,630,396)	(122,630,396)
Capital reserve to share capital	372,622,131	(372,622,131)	-	-	-	-
Balance at 31 December 2018	2,863,277,201	1,240,166,735	(277,180,983)	938,850,735	440,114,948	5,205,228,636

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

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

1 General information

CSG Holding Co., LTD (the “Company”) was incorporated in September 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 headquarters is located in Shenzhen, Guangdong Province of the People's Republic of China. The Company issued RMB-denominated ordinary shares (“A-share”) and foreign shares (“B-share”) publicly in October 1991 and January 1992 respectively, and was listed on Shenzhen Stock Exchange on February 1992. As at 31 December 2018, the registered capital was RMB2,863,277,201, with nominal value of RMB1 per share.

The Company and its subsidiaries (collectively referred to as the “Group”) are mainly engaged in the manufacture and sales of flat glass, specialized glass, engineering glass, energy saving glass, silicon related materials, polycrystalline silicon and solar components and electronic-grade display device glass and the construction and operation of photovoltaic plant etc.

Details on the majors subsidiaries included in the consolidated scope in current year were stated in Note 6(1).

The financial statements were authorized for issue by the Board of Directors on 16 April 2019.

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)), amortization of Property, plant and equipment and intangible assets (Note 2(13) and (16)), criteria for determining capitalized development expenditure (Note 2(16)), and timing for revenue recognition (Note 2(24)).

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

(1) Basis of preparation

The financial statements are prepared in accordance with the *Accounting Standards 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 2018, the Group current liabilities exceed current assets about RMB1.267 billion and committed capital expenditure of about RMB 0.131 billion (Note 11(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, and in 2018, the net cash inflow from operation activities is approximately RMB 2.13 billion; 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 2018, the Group had unutilized banking facilities of approximately RMB7.054billion, among which long-term banking facilities were about RMB0.357 billion. In addition, the shareholder of the Group or other appointed related parties are willing to provide the Group with RMB2.00 billion interest-free loan. As at report date, the shareholder of Group has provided RMB 2 billion interest-free loan. The Group also has other sources of financing, such as issuing short-term bonds, ultra-short-term financing bonds and medium-term notes. The directors are of view that the banking facilities and shareholder’s support 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 Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2018 are in compliance with the *Accounting Standards for Business Enterprises*, and truly and completely present the financial position of the consolidated and the Company as at 31 December 2018 and their financial performance, cash flows and other information for the year then ended.

(3) Accounting year

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

(4) Recording currency

The recording currency is Renminbi (RMB). The economic environment of subsidiaries (China Southern Glass(Hong Kong) Limited, Hong Kong Southern Glass Trading co., Limited) determines their recording currency is Hongkong dollar. This report 's recording currency is Renminbi (RMB).

(5) Business combinations

(a) Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the absorbing party in a business combination are measured at book value. The difference between book value of the net assets obtained from the combination and book value of the consideration paid for the combination is treated as an adjustment to capital surplus (share premium). If the capital surplus (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity 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 fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity 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 on which the Group obtains control and are de-consolidated from the date that such 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 realized before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where 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 unrealized 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 recognized 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 sales of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to shareholders of the parent company. Unrealized profits and losses resulting from the sales of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to shareholders of the parent company and non-controlling interests in accordance with the allocation proportion of the parent company in the subsidiary. Unrealized profits and losses resulting from the sales of assets by one subsidiary to another are eliminated and allocated between net profit attributable to shareholders of the parent company and non-controlling interests in accordance with the allocation proportion of the parent in the subsidiary.

After the control over the subsidiary has been gained, whole or partial minority equities of the subsidiary owned by minority shareholders are acquired from the subsidiary's minority shareholders. In the consolidated financial statements, the subsidiary's assets and liabilities are reflected with amount based on continuous calculation starting from the acquisition date or consolidation date. Capital surplus is adjusted according to the difference between newly increased long-term equity investment arising from acquisition of minority equity and the share of net assets calculated based on current shareholding ratio that the parent company is entitled to. The share is subject to continuous calculation starting from the acquisition date or consolidation date. If the capital surplus (capital premium or share capital premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings.

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 transaction

(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 recognized 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 capitalized 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 shareholders' 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 shareholders' 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) Classification 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 had no financial assets at fair value through profit or loss and held-to-maturity investments for 2017.

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 recognized 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 amortized cost using the effective interest method.

Gains or losses arising from change in fair value of available-for-sale financial assets are recognized 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 derecognized, the cumulative gains or losses previously recognized 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 recognized as investment income, which is recognized in profit or loss for the period.

(iii) Impairment of financial assets

The Group assesses book values 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.

The objective evidence of impairment losses on financial assets refers to events that actually incurred after the initial recognition of financial assets, have influence on the expected future cash flow from the financial assets and the influence 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 Checkion 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% (inclusive) 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% (inclusive) 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 amortized 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 is recovered and the recovery is related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and the amount of reversal is recognized in 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 recognized 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 recognized, 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 recognized in profit or loss, the previously recognized 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 recognized, the increase in its fair value in a subsequent period is recognized directly in equity.

(iv) Derecognition of financial assets

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

On derecognition of a financial asset, the difference between book value and the sum of the consideration received and the cumulative changes in fair value that had been recognized directly in owner's equity, is recognized 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 of the Group mainly comprise other financial liabilities, including payables, borrowings and bonds payable.

The fair value change of financial liabilities at fair value through profit or loss is charged to income statement.

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

Borrowings and bonds payable are recognized initially at fair value, net of transaction costs incurred, and subsequently measured at amortized cost using the effective interest method.

Other financial liabilities within one year (inclusive) is presented as current liabilities, while non-current financial liabilities due with one year (inclusive) 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 derecognized when all or part of the obligation is extinguished. The difference between book value of a financial liability (or a part of financial liability) extinguished and the consideration paid is recognized 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 sales of goods or rendering of services are initially recognized 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 RMB20 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 for portfolio is as follows:

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 book values 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 realizable 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 labor and systematically allocated production overhead based on the normal production capacity.

(c) Amortization 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 realizable value and the method of provision for decline in the value of inventories

Provision for decline in the value of inventories is determined at the excess amount of book values of the inventories over their net realizable value. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and 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.

(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 of related profit or loss

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognized as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

Under the equity method, the Group recognizes the investment income according to its share of net profit or loss of the investee. The Group discontinues recognizing its share of the net losses of an investee after book values 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 recognizing 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 the shareholding of the Group in the investee remains unchanged. Book value of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee. The unrealized profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, and then based on which the investment gains or losses are recognized. Any losses resulting from transactions between the Group and its investees attributable to asset impairment losses are not eliminated.

(c) Basis for determining existence of control, jointly control or significant influence over 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

Book value of long-term equity investments in subsidiaries and associates is reduced to the recoverable amount when the recoverable amount is less than book value (Note 2(18)).

(13) Fixed assets

(a) Recognition and initial measurement

Fixed assets comprise buildings, machinery and equipment, motor vehicles and others.

Fixed assets are recognized when it is probable that the related economic benefits will probably 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 acquisition date.

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. Book value of the replaced part is derecognized. All the other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

(b) Depreciation methods

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 net residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated net residual value	Annual depreciation rate
Buildings	20 to 35 years	5%	2.71% to 4.75%
Machinery and equipment	8 to 20 years	5%	4.75% to 11.88%
Motor vehicles and others	5 to 8 years	0%	12.50% to 20.00%

The estimated useful life, 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) Book value of a fixed asset is reduced to the recoverable amount when the recoverable amount is below book value (Note 2 (18)).

(d) Disposal

A fixed asset is derecognized 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 recognized in profit or loss for the current period.

(14) Construction in progress

Construction in progress is recorded at actual cost. Actual cost comprises construction cost, installation cost, borrowing costs eligible for capitalized condition and necessary expenditures incurred for its 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.

Book value of construction in progress is reduced to the recoverable amount when the recoverable amount is below book value (Note 2 (18)).

(15) Borrowing costs

The borrowing costs that are directly attributable to the acquisition and construction of an asset that needs a substantially long period of time for its intended use commence to be capitalized 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 capitalization of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognized in profit or loss for the current period. Capitalization 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 an asset qualifying for capitalization, the amount of borrowing costs eligible for capitalization is determined by deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalization period.

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

(16) Intangible assets

Intangible assets, mainly including land use rights, patents and proprietary technologies, exploitation rights and others, are measured at cost.

(a) Land use rights

Land use rights are amortized 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 recognized as fixed assets.

(b) Patents and proprietary technologies

Patents are amortized on a straight-line basis over the estimated use life.

(c) Exploitation rights

Exploitation rights are amortized on a straight-line basis over permitted exploitation periods on the exploitation certificate.

(d) Periodical review of useful life and amortization method

For an intangible asset with a finite useful life, review of its useful life and amortization 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 recognized 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 capitalized 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 are 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 recognized in profit or loss in the period in which they are incurred. Development costs previously recognized as expenses are not recognized as an asset in a subsequent period. Capitalized expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

(f) Impairment of intangible assets

Book value of intangible assets is reduced to the recoverable amount when the recoverable amount is below book value (Note 2 (18)).

(17) Long-term prepaid expenses

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

(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 recognized 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 recognized 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, book 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 recognized. The impairment loss is first deducted from book value of goodwill that is allocated to the asset group or group of asset groups, and then deducted from book values of other assets within the asset groups or groups of asset groups in proportion to book values of assets other than goodwill.

Once the above asset impairment loss is recognized, 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 wages or salaries, bonuses, allowances and subsidies, staff welfare, medical care, work injury insurance, maternity insurance, housing funds, labor union funds, employee education funds and paid short-term leave, etc. The employee benefit liabilities are recognized 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, local labor and social security institutions have a duty to pay the basic pension insurance to them. The amounts based on the above calculations are recognized 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 recognizes 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 recognizes costs or expenses related to the restructuring that involves the payment of termination benefits.

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

(20) Dividend distribution

Cash dividend is recognized as a liability for the period in which the dividend is approved by the shareholders' meeting.

(21) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognized based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognized 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 recognized for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognized 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 realized or the liability is settled.

Deferred tax assets are only recognized for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognized 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 utilized, the corresponding deferred tax assets are recognized.

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, loss contracts etc. are recognized 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 recognized as interest expense.

Book value of provision is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

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

(23) Share-based payments

Share-based payments are divided into equity-settled and cash-settled payments. The term "equity-settled share-based payment" refers to a transaction in which an enterprise grants shares or other equity instruments as a consideration in return for services.

Equity-settled share-based payment The Group's stock option stock option plan is the equity-settled share-based payment in exchange of employees' services and is measured at the fair value of the equity instruments at grant date. The equity instruments are exercisable after services in vesting period are completed or specified performance conditions are met. In the vesting period, the services obtained in current period are included in relevant cost and expenses at the fair value of the equity instruments at grant date based on the best estimate of the number of exercisable equity instruments, and capital surplus is increased accordingly. If the subsequent information indicates the number of exercisable equity instruments differs from the previous estimate, an adjustment is made and, on the exercise date, the estimate is revised to equal the number of actual vested equity instruments. The Group determines the fair value of stock option stock options using option pricing model, which is Black-Scholes option pricing model (B-S model).

In the period at which performance conditions and term of service are met, the relevant cost and expenses of equity-settled payment should be recognized, and capital surplus is increased accordingly. Before the exercise date, the accruing amounts of equity-settled payments on balance sheet date reflect the part of expired waiting period and optimal estimation for the number of the Company final vested equity instruments.

If the non-market conditions and term of service are not met so that share-based payment fail to exercise, the costs and expenses on this portion should not be recognized. If the share-based payment agreement sets out the market conditions and term of non-vesting, as long as performance conditions and term of service are met, it is should be regard as exercisable right, no matter the market conditions and non-vesting conditions are meet or not.

If the terms of equity-settled payment are modified, at least the service is confirmed in accordance with the unmodified terms. In addition, the increase of the fair value of the authorized equity instruments, or the beneficial changes to the employees on the modification date, the increase of service is confirmed.

If the equity-settled payment is cancelled, the cancellation date shall be deemed as an expedited exercise, and the unconfirmed amount shall be confirmed immediately. If the employee or other party is able to choose to meet the non-vesting conditions but not satisfied in the waiting period, equity-settled payment should be cancelled. But if a new equity instrument is granted, and the new equity instrument is confirm to replace the old equity instrument which is canceled in the authorization date of the new equity instrument, the new equity instrument should be disposed by using the same conditions and terms of the old equity instrument for modifications

(24) Revenue recognition

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

Revenue is recognized when the economic benefits associated with the transaction will probably 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) Sales of goods

The Group mainly sells flat and engineering glass, products related to solar energy, and electronic glass and displays. 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.

(25) Government grants

Government grants are transfers of monetary or non-monetary assets from the government to the Group at nil consideration, including tax refund and financial subsidies, etc.

A government grant is recognized 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.

The government grants related to assets refer to government grant obtained by enterprises and used for purchase and construction of long-term assets or formation of long-term asset in other ways. The government grants related to income refer to grants other than those related to assets.

For government grants related to income, where the grant is a compensation for related expenses or losses to be incurred by the Group in the subsequent periods, the grant is recognized as deferred income, and included in profit or loss over the periods in which the related costs are recognized; where the grant is a compensation for related expenses or losses already incurred by the Group, the grant is recognized immediately in profit or loss for the current period. The company uses the same method of presentation for similar government grants.

The ordinary activity government grants should be counted into operating profits; the government grants which not belong ordinary activities should be counted into non-operating income.

(26) 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.

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

Lease income under an operating lease is recognized as revenue on a straight-line basis over the period of the lease.

(27) Assets classified as 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 to terms that are traditionally and customary for sales; (2) the Group has made a resolution and obtained appropriate approval for disposal of the non-current asset or the disposal group, and the transfer is to be completed within one year.

Non-current assets (except for financial assets, investment properties at fair value and deferred tax assets) that meet the recognition criteria for held for sale are recognized at the amount equal to the lower of the fair value less costs to sell and book value. 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, and are presented separately in the balance sheet.

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.

The discontinued operation profits on income statement presentation have included the profits and loss of operation and disposal.

(28) Safety production costs

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 costs on following basis:

- (a) 4% for revenue below RMB10 million (inclusive) of the year;
- (b) 2% for the revenue between RMB10 million to RMB100 million (inclusive) of the year;
- (c) 0.5% for the revenue between RMB100 million to RMB1 billion (inclusive) of the year;
- (d) 0.2% for the revenue above RMB1 billion of the year.

The safety production costs 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 or loss when appropriated, and safety production costs 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 recognized. The fixed assets are no longer be depreciated in future.

(29) Segment information

The Group identifies operating segments based on the internal organization 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 revenue 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.

(30) Critical accounting estimates and judgments

The Group continually Estimates the critical accounting estimates and key assumptions 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 possibly causing a material adjustment to book values of assets and liabilities within the next accounting year are outlined below:

(a) Income tax

The Group is subject to Income tax in numerous jurisdictions. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for Income tax in each of these jurisdictions. Where the final identified outcome of these tax matters is different from the initially-recorded amount, such difference will impact the income tax expenses and deferred income tax in the period in which such determination is finally 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. Realisation 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. Management determines whether the long-term assets impaired or not by evaluating and analyzing 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

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, 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. Thus, the estimated result based on existing experience may be different from the actual result of the next accounting period, which may cause major adjustment to book value of fixed assets on balance sheet.

(e) Goodwill impairment

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, and future cash flow from each CGU or CGUs is forecasted and discounted with appropriate discount rate.

(31) Significant changes in accounting policies

In 2018, the Ministry of Finance issued the Notice of the Ministry of Finance on Revising the Format of 2018 General Enterprise Financial Statements (Finance (2018) No.15), and revised the financial statement format of general enterprises accordingly. The line items of "Notes receivable" and "Accounts receivable" in the balance sheet are listed as "Notes receivable and accounts receivable"; "Interest receivable" "Dividends receivable" and "Other receivables" are included in "Other receivables"; "Fixed assets" and "Disposal of fixed assets" is included in "Fixed assets"; "Engineering materials" and "Construction in progress" is included in "Construction in progress"; The "Notes Payable" and "Accounts payable" in the balance sheet are listed as "Notes Payable" and "Accounts payable"; "Interest payable" "dividend payable" and "Other payables" are included in "Other payables"; "Long-term payables" and "Special payables" is included in "Long-term payables". In income statement, the original "Administration expenses" is reclassified as "Administration expenses" and "R&D Expenses" separately; The items "Including: interest expenses" and "Interest income" are added to the financial expenses in the income statement. In the table of changes in owner's equity, the item "Carry-forward retained earnings of the variation of the defined benefit plan" is added. The company adopts the retrospective adjustment method for the change of the accounting policy, and the items in 2017 financial statements are retrospectively adjusted as follows:

Before adjustment		After adjustment	
Notes receivable	552,232,420	Notes receivable and Accounts receivable	1,190,470,710
Accounts receivable	638,238,290		
Other receivables	205,939,019		
Interest receivable	-	Other receivables	205,939,019
Dividends receivable	-		
Fixed assets	11,540,769,697	Fixed assets	11,540,769,697
Disposal of fixed assets	-		
Construction in progress	1,417,624,618	Construction in progress	1,417,624,618
Engineering material	-		
Notes payable	213,401,622	Notes payable and Accounts payable	1,613,567,664
Accounts payable	1,400,166,042		
Other payables	619,324,354	Other payables	653,357,094

Interest payable	34,032,740		
Dividend payable	-		
Long-term payable	1,161,794,247	Long-term prepaid expenses	1,161,794,247
Special payable	-		
General and administrative expenses	919,329,772	General and administrative expenses	588,652,397
		Research and development cost	330,677,375

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	0% to 25%
Value-added tax ("VAT") (a)	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible VAT input of the current period)	6% to 17%
City maintenance and construction tax	VAT paid	1% to 7%
Educational surcharge	VAT paid	3% to 5%

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

The main tax incentives the Group is entitled to are as follows:

Tianjin CSG Energy Conservation Glass Co., Ltd. ("Tianjin Energy Conservation") passed review on a high and new tech enterprise in 2018 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 2018.

Dongguan CSG Architectural Glass Co., Ltd. ("Dongguan CSG") passed review on a high and new tech enterprise in 2016 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 2016.

Wujiang CSG East China Architectural Glass Co., Ltd. ("Wujiang CSG Engineering") passed review on a high and new tech enterprise in 2017 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 2017.

Dongguan CSG Solar Glass Co., Ltd. ("Dongguan CSG Solar") passed review on a high and new tech enterprise in 2017 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 2017.

Yichang CSG polysilicon Co., Ltd. ("Yichang CSG polysilicon") passed review on a high and new tech enterprise in 2017 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 2017.

Dongguan CSG PV-tech Co., Ltd. ("Dongguan CSG PV-tech") passed review on a high and new tech enterprise in 2016 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 2016.

Hebei Shichuang Glass Co., Ltd. ("Hebei Shichuang") passed review on a high and new tech enterprise in 2016 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 2016.

Wujiang CSG Glass Co., Ltd. ("Wujiang CSG") was recognised as a high and new tech enterprise in 2017, 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 2017.

Xianning CSG Glass Co Ltd. ("Xianning CSG") was recognised as a high and new tech enterprise in 2017, 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 2017.

Xianning CSG Energy-Saving Glass Co., Ltd. (“Xianning CSG Energy-Saving”) was recognised as a high and new tech enterprise in 2018, 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 2018.

Yichang CSG Photoelectric Glass Co., Ltd. (“Yichang CSG Photoelectric”) was recognised as a high and new tech enterprise in 2018, 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 2018.

Yichang CSG Display Co., Ltd. (“Yichang CSG Display”) was recognised as a high and new tech enterprise in 2018, 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 2018.

Qingyuan CSG New Energy-Saving Materials Co., Ltd. (“Qingyuan CSG Energy-Saving”) was recognised as a high and new tech enterprise in 2016, 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 2016.

Hebei CSG Glass Co Ltd. (“Hebei CSG”) was recognised as a high and new tech enterprise in 2018, 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 2018.

Shenzhen CSG Applied Technology Co Ltd. (“Shenzhen Technology”) was recognised as a high and new tech enterprise in 2018, 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 2018.

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

Qingyuan CSG New Energy Co., Ltd. (“Qingyuan CSG New Energy”), Suzhou CSG PV Energy Co., Ltd. (“Suzhou CSG PV Energy”), Jiangsu Wujiang CSG New Energy Co., Ltd. (“Wujiang CSG New Energy”), and Yichang CSG New Energy Co., Ltd. (“Yichang CSG New Energy”), Zhangzhou CSG Kibing PV Energy Co., Ltd. (“Zhangzhou CSG”), Heyuan CSG Kibing PV Energy Co., Ltd. (“Heyuan CSG”), Shaoxing CSG Kibing PV Energy Co., Ltd. (“Shaoxing CSG”), Xinning CSG PV Energy Co., Ltd. (“Xianning CSG PV Energy”) and Zhanjiang CSG New Energy Co., Ltd. (“Zhanjiang CSG PV Energy”), are public infrastructure project specially supported by the state in accordance with the Article 87 in *Implementing Regulations of the Law of the People's Republic of China on Enterprise Income Tax*, and can enjoy the tax preferential policy of “three-year exemptions and three-year halves”, that is, starting from the tax year when the first revenue from production and operation occurs, the enterprise income tax is exempted from the first to the third year, while half of the enterprise income tax is collected for the following three years. Qingyuan CSG New Energy, Suzhou CSG PV Energy and Wujiang CSG New Energy started to carry out operations in 2015; The applicable enterprise income tax rate for them is 12.5% for the current year. Yichang CSG New Energy started operation in 2016, Zhangzhou CSG, Heyuan CSG and Shaoxing CSG started operation in 2017. Zhanjiang CSG PV Energy、Xianning CSG PV Energy started operation in 2018. The applicable enterprise income tax rate for them is 0% for the current year.

In addition, pursuant to the document Fogang Guo Shui Shui Tong [2015] No. 2489, the VAT for photovoltaic power generation of Qingyuan CSG New Energy is subject to the refund upon collection policy.

4 Notes to the consolidated financial statements

(1) Cash at bank and on hand

	31 December 2018	31 December 2017
Cash on hand	9,731	36,182
Cash at bank	2,225,117,182	2,409,716,983
Other cash balances	1,320,807	52,852,599
	<u>2,226,447,720</u>	<u>2,462,605,764</u>
Including: Total overseas deposits	<u>37,790,337</u>	<u>24,049,075</u>

Other cash balances include margin deposits for issuing letters of credit and applying loans, amounting to RMB1,320,807 (31 December 2017: RMB2,852,599), which is restricted cash.

(2) Notes receivable and Accounts receivable

	31 December 2018	31 December 2017
Notes receivable	719,375,448	552,232,420
Accounts receivable	592,233,312	638,238,290
	<u>1,311,608,760</u>	<u>1,190,470,710</u>

1. Notes receivable

	31 December 2018	31 December 2017
Trade acceptance notes	415,194,892	329,405,579
Bank acceptance notes	304,180,556	222,826,841
	<u>719,375,448</u>	<u>552,232,420</u>

(a) As at 31 December 2018, notes receivable which have been endorsed or discounted by the Group but are not yet due are as follows:

	Derecognized	Not derecognized
Trade acceptance notes	-	224,935,914
Bank acceptance notes	1,991,011,932	-
	<u>1,991,011,932</u>	<u>224,935,914</u>

2. Accounts receivable

	31 December 2018	31 December 2017
Accounts receivable	611,899,209	660,150,357
Less: Provision for bad debts	(19,665,897)	(21,912,067)
	<u>592,233,312</u>	<u>638,238,290</u>

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

	31 December 2018	31 December 2017
Within 1 year	583,789,669	639,294,320
1 to 2 years	15,284,163	8,343,672
2 to 3 years	6,586,079	12,512,365
Over 3 years	6,239,298	-
	<u>611,899,209</u>	<u>660,150,357</u>

As at 31 December 2018, accounts receivable of RMB138,819,578 (31 December 2017: RMB93,961,486) were overdue. But based on analysis on financial positions and credit records of such customers, such receivables were considered recoverable and unimpaired by the Company. Therefore no provision for impairment loss had been made. The overdue ageing of the accounts receivable is analyzed as follows:

	31 December 2018	31 December 2017
Within 1 year	127,058,887	86,358,511
1 to 2 years	7,822,324	7,448,217
2 to 3 years	3,938,367	154,758
	<u>138,819,578</u>	<u>93,961,486</u>

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

	31 December 2018				31 December 2017			
	Carrying amount		Provision for bad debts		Carrying amount		Provision for bad debts	
	Amount	% of total balance	Provision for bad debts	%	Amount	% of total balance	Provision for bad debts	%
Provision for bad debts by groupings								
Portfolio 1	598,852,703	98%	(11,976,169)	2%	636,614,136	96%	(12,233,039)	2%
With amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis	13,046,506	2%	(7,689,728)	59%	23,536,221	4%	(9,679,028)	41%
	<u>611,899,209</u>	<u>100%</u>	<u>(19,665,897)</u>	<u>3%</u>	<u>660,150,357</u>	<u>100%</u>	<u>(21,912,067)</u>	<u>3%</u>

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

	31 December 2018			31 December 2017		
	Carrying amount	Provision for bad debts		Carrying amount	Provision for bad debts	
	Amount	Amount	%	Amount	Amount	%
Portfolio 1	598,852,703	(11,976,169)	2%	636,614,136	(12,233,039)	2%
	598,852,703	(11,976,169)	2%	636,614,136	(12,233,039)	2%

- (d) As at 31 December 2018, 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 2017: Nil).
- (e) As at 31 December 2018, accounts receivable of RMB13,046,506 (31 December 2017: RMB23,536,221) were not individually significant but provided for bad debts separately. It mainly represented the goods receivable due from a client of the subsidiary, Yichang CSG Display. Due to the client's bankruptcy, Yichang CSG Display made full provision against this receivable. It also represented the goods receivable due from a client of the subsidiary, Dongguan CSG PV-tech. Due to business dispute, Dongguan CSG PV-tech made partial provision against the receivable.
- (f) Accounts receivables of RMB 2,750,772 were written off this year, The reasons for the written-off included disputes with customers and ability to reach a settlement with creditors.
- (g) As at 31 December 2018, Total balances for the five largest accounts receivable set out as below:

	Balance	Provision for bad debts	Percentage in total accounts receivable balance
Total balances for the five largest accounts receivable	82,666,183	(1,653,324)	14%

- (3) Advances to suppliers

- (a) The ageing of prepayment is analysed below:

	31 December 2018		31 December 2017	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	76,372,805	84%	130,813,397	91%
1 to 2 years	2,034,196	2%	264,952	-
2 to 3 years	-	-	12,769,674	9%
Over 3 years	12,769,674	14%	-	-
	91,176,675	100%	143,848,023	100%

As at 31 December 2018, advances to suppliers over 1 year with a carrying amount of RMB14,803,870 (31 December 2017: RMB13,034,626) were mainly advances paid for Natural gas and materials, which were not fully settled since the materials had not been received.

(b) As at 31 December 2018, the five largest prepayment are analyzed as follows:

	Balance	Percentage in total advances to suppliers balance
Total balances for the five largest advances to suppliers	48,332,569	53%

(4) Other receivables

	31 December 2018	31 December 2017
Receivables from special fund for talent	171,000,000	171,000,000
Refundable deposits	21,351,937	16,957,562
Payments made on behalf of other parties	15,036,194	19,306,658
Petty cash	489,912	875,714
Export tax rebates receivable	137,744	-
Others	3,962,723	2,319,489
	211,978,510	210,459,423
Less: Provision for bad debts	(4,554,215)	(4,520,404)
	207,424,295	205,939,019

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

	31 December 2018	31 December 2017
Within 1 year	11,684,072	22,924,535
1 to 2 years	14,639,759	2,813,012
2 to 3 years	1,060,654	11,211,511
3 to 4 years	11,121,084	171,855,888
4 to 5 years	171,843,311	86,395
Over 5 years	1,629,630	1,568,082
	211,978,510	210,459,423

As at 31 December 2018, other receivables of RMB13,594,025 (31 December 2017: RMB2,510,365) were overdue. But based on analysis on financial positions and credit records of such customers, such receivables were considered recoverable and unimpaired by the Company. Therefore no provision for impairment loss had been made.

(b) Other receivables are analysed by categories as follows:

	31 December 2018				31 December 2017			
	Carrying amount		Provision for bad debts		Carrying amount		Provision for bad debts	
	Amount	% of total balance	Provision for bad debts	%	Amount	% of total balance	Provision for bad debts	%
Provision for bad debts by groupings								
Portfolio 1	211,655,605	100%	(4,231,310)	2%	39,136,518	19%	(777,499)	2%
Portfolio 2	-	-	-	-	171,000,000	81%	(3,420,000)	2%
Not individually significant but provided for bad debts separately	322,905	-	(322,905)	100%	322,905	-	(322,905)	100%
	<u>211,978,510</u>	<u>100%</u>	<u>(4,554,215)</u>	<u>2%</u>	<u>210,459,423</u>	<u>100%</u>	<u>(4,520,404)</u>	<u>2%</u>

(c) The reason why not individually significant but provided for bad debts separately is the payment is not recoverable over 5 years.

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

	31 December 2018			31 December 2017		
	Carrying amount	Provision for bad debts		Carrying amount	Provision for bad debts	
	Amount	Amount	%	Amount	Amount	%
Portfolio 1	211,655,605	(4,231,310)	2%	39,136,518	(777,499)	2%
Portfolio 2	-	-	-	171,000,000	(3,420,000)	2%
	<u>211,655,605</u>	<u>(4,231,310)</u>	<u>2%</u>	<u>210,136,518</u>	<u>(4,197,499)</u>	<u>2%</u>

(e) As at 31 December 2018, the top 5 largest other receivables are analysed as bellow:

	Nature of business	Balance	Ageing	Percentage in total other receivables balance	Provision for bad debts
Company A	Independent third party	171,000,000	4 to 5 Years	81%	3,420,000
Governmental department B	Independent third party	11,067,754	3 to 4 Years	5%	221,355
Company C	Independent third party	5,000,000	1 to 2 years	2%	100,000
Company D	Independent third party	3,859,460	Within 1 year	2%	77,189
Company E	Independent third party	3,350,000	1 to 2 years	2%	67,000
		<u>194,277,214</u>		<u>92%</u>	<u>3,885,544</u>

(5) Inventories

(a) Inventories are summarized by categories as follows:

	31 December 2018			31 December 2017		
	Carrying amount	Provision for decline in the value of inventories	Carrying amount	Carrying amount	Provision for decline in the value of inventories	Carrying amount
Raw materials	224,107,756	(1,438,767)	222,668,989	213,348,012	(1,447,590)	211,900,422
Work in progress	25,088,903	-	25,088,903	45,614,905	-	45,614,905
Finished goods	309,132,138	(566,246)	308,565,892	387,489,714	(68,974)	387,420,740
Turnover materials	43,815,966	-	43,815,966	40,959,250	-	40,959,250
	<u>602,144,763</u>	<u>(2,005,013)</u>	<u>600,139,750</u>	<u>687,411,881</u>	<u>(1,516,564)</u>	<u>685,895,317</u>

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

	31 December 2017	Increase in current year	Reversal in current year	31 December 2018
Finished goods	68,974	497,272	-	566,246
Raw materials	<u>1,447,590</u>	<u>-</u>	<u>(8,823)</u>	<u>1,438,767</u>
	<u>1,516,564</u>	<u>497,272</u>	<u>(8,823)</u>	<u>2,005,013</u>

(c) Provision for decline in the value of inventories is as follows:

	Basis for provision for decline in the value of inventories	Reasons of reversal of the decline in the value of inventories
Finished goods	The amount of carrying amount less net realizable value due to decline in price of products	Sold
Raw materials	The amount of book value less net realizable value due to sluggish or damaged raw materials	Used

(6) Assets classified as held for sale

Item	carrying amounts at the end of period	Fair value	Estimated disposal costs	Estimated disposal time
Intangible assets	15,048,314	18,390,394		June of 2019
Construction in progress	<u>30,935,206</u>	<u>37,805,606</u>		<u>June of 2019</u>
	<u>45,983,520</u>	<u>56,196,000</u>	<u>-</u>	

The subsidiary of the Group, Dongguan CSG PV-tech signed a grant contract of land use right with third party Dongguan Chaoyin Textile Co., LTD. (Dongguan Chaoyin Company) on 17 June 2016. Dongguan CSG PV-tech sells its land use right along with the buildings on the land to Dongguan Chaoyin Company. Therefore, the construction-in-progress and intangible assets of Dongguan CSG PV-tech were transferred to assets held for sale. As at 31 December 2018, the transfer of property rights had not been finalised.

(7) Other current assets

	31 December 2018	31 December 2017
VAT to be offset	115,329,834	181,667,326
Entrusted loan (i)	300,000,000	-
Enterprise income tax prepaid	21,277,486	1,132,508
VAT input to be recognized	8,720,129	18,048,155
	<u>445,327,449</u>	<u>200,847,989</u>

(i) On December 21, 2018, reviewed and approved by the Group's eighth session of the Board of Directors, The group issued Tengchong Yuezhou Water Investment Development Co., Ltd. entrusted Loans RMB 0.3 billion via China Everbright Bank shenzhen(Nanshan) branch. The period of entrusted loan was 3 months and annual interest rate 8.5%

(8) Fixed assets

	Buildings	Machinery and equipment	Motor vehicles and others	Total
Cost				
31 December 2017	3,999,368,700	12,462,823,260	208,292,757	16,670,484,717
Increase in current year				
Acquisition	3,370,397	48,694,459	11,144,592	63,209,448
Transfers from construction in progress (Note 4(9))	133,371,640	1,178,070,597	6,488,900	1,317,931,137
Others	5,630,152	2,636,218	-	8,266,370
Decrease in current year				
Disposal or retirement	-	(15,440,941)	(5,023,202)	(20,464,143)
Others	(291,848,507)	(2,790,972,405)	(3,640,750)	(3,086,461,662)
31 December 2018	3,849,892,382	10,885,811,188	217,262,297	14,952,965,867

Accumulated depreciation

31 December 2017	751,518,811	3,908,894,072	188,549,283	4,848,962,166
Increase in current year				
Provision	125,540,858	817,166,294	23,228,298	965,935,450
Decrease in current year				
Disposal or retirement	-	(2,736,162)	(4,792,845)	(7,529,007)
Others	(61,216,903)	(832,213,509)	(3,494,074)	(896,924,486)
31 December 2018	815,842,766	3,891,110,695	203,490,662	4,910,444,123

Provision for impairment loss

31 December 2017	10,580,861	270,171,993	-	280,752,854
Increase in current year				

Provision	11,270,855	1,103,115	-	12,373,970
Others		19,876,460	-	19,876,460
Decrease in current year				
Disposal or retirement	-	(11,214,371)	-	(11,214,371)
Others	-	(190,110,944)	-	(190,110,944)
31 December 2018	21,851,716	89,826,253	-	111,677,969

Carrying amount

31 December 2018	3,012,197,900	6,904,874,240	13,771,635	9,930,843,775
31 December 2017	3,237,269,028	8,283,757,195	19,743,474	11,540,769,697

In 2018, the depreciation amount provided for fixed assets was RMB965,935,450 (2017: RMB980,581,921), and the amount of depreciation expenses charged to cost of sales, selling and distribution expenses, general and administrative expenses and construction in progress was RMB902,224,539, RMB 973,181, RMB 62,737,730 and RMB 0 (2017: RMB 890,575,701, RMB 970,739, RMB 65,929,139 and RMB 23,106,342) respectively.

In 2018, the cost of fixed assets transferred from construction in progress amounted to RMB 1,317,931,137 (2017: RMB 1,438,870,858).

(a) Fixed assets with pending certificates of ownership

	Carrying amount	Reasons for not yet obtaining certificates of title
Buildings	874,593,679	Have submitted the required documents and are in the process of application, or the related land use right certificate pending

(9) Construction in progress

	31 December 2018			31 December 2017		
	Carrying amount	Provision for impairment loss	Carrying amount	Carrying amount	Provision for impairment loss	Carrying amount
Yichang CSG polysilicon tech-innovation project	1,465,710,819	(253,983,876)	1,211,726,943	-	-	-
Yichang CSG polysilicon Wafer production capacity and tech-upgrade project	707,199,477	(25,475,004)	681,724,473	-	-	-
Yichang display device company flat panel display project	354,190,988	(14,160,474)	340,030,514	298,794,622	(14,160,474)	284,634,148
Dongguan Solar Glass Phase I and II improvement project	78,970,995	(40,248,018)	38,722,977	78,970,995	(40,248,018)	38,722,977
Yichang 1GW silicon slice project	48,859,613	-	48,859,613	43,617,802	-	43,617,802
Dongguan Solar New PV Tech Glass Processing Project	41,074,003	-	41,074,003	1,888,363	-	1,888,363
LED Sapphire Substrate Project	32,420,412	(32,420,412)	-	30,886,629	(19,303,853)	11,582,776
Hebei CSG Environmental reforming project	19,012,500	-	19,012,500	-	-	-
Chendu float Environmental reforming project	16,989,203	-	16,989,203	-	-	-
Wujiang float Environmental reforming project	16,494,538	-	16,494,538	-	-	-
Dongguan Jingyu Jade glass Project	14,273,358	-	14,273,358	-	-	-

Qingyuan CSG Ultra-white electronic glass and ultra-white special glass production line project	338,679	-	338,679	-	-	-
Xianning CSG Photoelectric Glass project	-	-	-	400,665,493	-	400,665,493
Yichang Optoelectronic Technology Reform Project	-	-	-	242,055,237	-	242,055,237
Hebei float 600T tech-innovation project	-	-	-	113,762,853	-	113,762,853
Zhanjiang Photovoltaic 20MW Step-by-step Photovoltaic Power Plant Project	-	-	-	100,570,104	-	100,570,104
Wujiang energy glass expansion project	-	-	-	72,600,518	(19,876,460)	52,724,058
Wujiang Photovoltaic Packaging Materials Project	-	-	-	7,414,854	-	7,414,854
Others	130,338,624	(405,983)	129,932,641	120,391,936	(405,983)	119,985,953
	2,925,873,209	(366,693,767)	2,559,179,442	1,511,619,406	(93,994,788)	1,417,624,618

(a) Movement of significant project

Project name	Budget	31 December 2017	Increase in current year	Transfer to fixed assets in current year	Other decreases in current year	31 December 2018	Proportion between engineering input and budget (i)	Amount of borrowing costs capitalised in 2018	Including: Amount of borrowing costs capitalised in 2018	Capitalisation rate for in current year	Source of fund
Yichang CSG polysilicon tech-innovation project	49,520,000	-	1,465,710,819	-	-	1,465,710,819	19%	-	-	-	Internal fund and bank loan
Yichang CSG polysilicon Wafer production capacity and tech-upgrade project	144,570,000	-	707,199,477	-	-	707,199,477	4%	30,138	30,138	5.28%	Internal fund and bank loan
Yichang display device company flat panel display project	1,970,000,000	298,794,622	55,910,329	(513,963)	-	354,190,988	86%	8,543,752	4,399,593	4.06%	Internal fund and bank loan
Dongguan Solar Glass Phase I and II improvement project	396,410,000	78,970,995	-	-	-	78,970,995	80%	-	-	-	Internal fund
Yichang 1GW silicon slice project	1,073,209,600	43,617,802	9,506,541	(4,264,730)	-	48,859,613	44%	11,713,945	3,083,952	5.28%	Internal fund and bank loan
Dongguan Solar New PV Tech Glass Processing Project	60,000,000	1,888,363	55,105,795	(15,920,155)	-	41,074,003	95%	-	-	-	Internal fund
LED Sapphire Substrate Project	35,000,000	30,886,629	1,533,783	-	-	32,420,412	93%	4,650,543	-	-	Internal fund and bank loan
Hebei CSG Environmental reforming project	25,700,000	-	19,012,500	-	-	19,012,500	74%	-	-	-	Internal fund
Chendu float Environmental reforming project	25,000,000	-	16,989,203	-	-	16,989,203	68%	-	-	-	Internal fund
Wujiang float Environmental reforming project	50,300,000	-	16,494,538	-	-	16,494,538	33%	-	-	-	Internal fund
Dongguan Jingyu Jadeglass Project	30,000,000	-	14,273,358	-	-	14,273,358	48%	-	-	-	Internal fund
Qingyuan CSG Ultra-white electronic glass and ultra-white special glass production line project	785,000,000	-	338,679	-	-	338,679	-	-	-	-	Internal fund and bank loan

Project name	Budget	31 December 2017	Increase in current year	Transfer to fixed assets in current year	Other decreases in current year	31 December 2018	Proportion between engineering input and budget (i)	Amount of borrowing costs capitalised in 2018	Including: Amount of borrowing costs capitalised in 2018	Capitalisation rate for in current year	Source of fund
Xianning CSG Photoelectric Glass project	510,000,000	400,665,493	93,175,330	(493,840,823)	-	-	100%	20,466,317	12,695,704	4.75%	Internal fund and bank loan
Yichang Optoelectronic Technology Reform Project	258,296,536	242,055,237	7,999,369	(250,054,606)	-	-	100%	-	-	-	Internal fund and bank loan
Hebei float 600T tech-innovation project	145,750,000	113,762,853	124,052,098	(234,744,769)	(3,070,182)	-	100%	1,830,487	1,830,487	4.94%	Internal fund and bank loan
Zhanjiang Photovoltaic 20MV Step-by-step Photovoltaic Power Plant Project	133,000,000	100,570,104	-	(97,484,158)	(3,085,946)	-	99%	2,280,097	-	-	Internal fund and bank loan
Wujiang energy glass expansion project	845,630,000	72,600,518	2,197,579	(74,798,097)	-	-	100%	20,120,444	-	-	Internal fund and bank loan
Wujiang Photovoltaic Packaging Materials Project	520,100,000	7,414,854	22,445,450	(29,860,304)	-	-	100%	-	-	-	Internal fund and bank loan
Others	1,185,132,635	120,391,936	127,596,221	(116,449,532)	(1,200,001)	130,338,624		32,839,290	96,251	-	Internal fund and bank loan
	8,242,618,771	1,511,619,406	2,739,541,069	(1,317,931,137)	(7,356,129)	2,925,873,209		102,475,013	22,136,125		

- (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 rights.

(b) Provision for impairment of construction in progress

Project name	31 December 2017	provision increased in current year	provision from long-term assets transferred in current year	Decrease in current year	31 December 2018
Dongguan Solar Glass Phase I and II improvement project	40,248,018	-	-	-	40,248,018
Wujiang float glass project	19,876,460	-	-	(19,876,460)	-
Yichang CSG Display panel display project	14,160,474	-	-	-	14,160,474
LED Sapphire Substrate Project	19,303,853	13,116,559	-	-	32,420,412
Yichang CSG polysilicon Wafer production capacity and tech-upgrade project(i)	-	20,537,934	4,937,070	-	25,475,004
Yichang CSG polysilicon tech-innovation project(i)	-	68,810,002	185,173,874	-	253,983,876
Others	405,983	-	-	-	405,983
	93,994,788	102,464,495	190,110,944	(19,876,460)	366,693,767

(i) On 31 May 2018, the state introduced the 'Circular of matters concerning Photovoltaic Power Generation in 2018'. The policies mentioned above considerably affected the operations of CSG's solar industry, by the 'section 8 of accounting standards for business enterprises— impairments of assets', the management of the company identified and ran impairment tests for some parts of related assets showing a sign of impairment, and the provision for impairment was noted by company.

(10) Intangible assets and development expenditure

	Land use rights	Patents and proprietary technologies	Exploitation rights	Others	Total
Cost					
31 December 2017	1,026,603,700	246,011,919	4,456,536	36,106,710	1,313,178,865
Acquisition in current year	-	1,440,455	-	1,900,706	3,341,161
Transfers from development expenditure in current year	-	29,735,459	-	-	29,735,459
Others	-	6,000,000	-	-	6,000,000
31 December 2018	1,026,603,700	283,187,833	4,456,536	38,007,416	1,352,255,485
Accumulated amortization					
31 December 2017	149,057,265	74,985,236	3,706,724	24,996,753	252,745,978
Provision in current year	21,184,631	22,400,518	400,641	6,581,913	50,567,703
31 December 2018	170,241,896	97,385,754	4,107,365	31,578,666	303,313,681
Provision for impairment loss					
31 December 2017	-	13,201,347	-	9,133	13,210,480
31 December 2018	-	13,201,347	-	9,133	13,210,480
Carrying amount					
31 December 2018	856,361,804	172,600,732	349,171	6,419,617	1,035,731,324
31 December 2017	877,546,435	157,825,336	749,812	11,100,824	1,047,222,407

In 2018, the amortization of intangible assets amounted to RMB50,567,703 (2017: RMB 43,884,166).

As at 31 December 2018, ownership certificates of land use rights ("Land ownership Certificates") for certain land use rights of the Group with carrying amounts of approximately RMB5,228,694 (cost: RMB6,586,712) had not yet been obtained by the Group (31 December 2017: carrying amount: RMB5,473,442, cost: RMB 6,586,712). 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.

Research expenditure is analyzed below:

	December 2017	Increase in current year	Decrease in current year		December 2018
			Recognised as expenses	Recognised as intangible assets	
Development costs	61,365,537	42,963,845	(44,666)	(29,735,459)	74,549,257

In 2018, the total amount of research and development expenditures of the Group was RMB 381,711,070 (2017: RMB 368,237,629), including RMB 338,791,891 (2017: RMB 330,677,375) recorded in income statement for current period and the research and development expenditure with the amount of RMB 29,735,459 recognized as intangible assets for the current period (2017: 43,122,431). At 31 December 2018, the intangible assets arising from internal research and development accounted for 14.21% of total of intangible assets (31 December 2017: 12.37%).

(11) Goodwill

(a) Book value of goodwill

	31 December 2017	Increase in current year	Decrease in current year	31 December 2018
Tianjin CSG Architectural Glass Co., Ltd.	3,039,946			3,039,946
Xianning CSG Photoelectric	4,857,406			4,857,406
Shenzhen CSG Display	389,494,804			389,494,804
	<u>397,392,156</u>			<u>397,392,156</u>

(b) Provision of impairment of goodwill

	31 December 2017	Increase in current year	Decrease in current year	31 December 2018
Tianjin CSG Architectural Glass Co., Ltd.				
Xianning CSG Photoelectric				
Shenzhen CSG Display		20,672,000		20,672,000
		<u>20,672,000</u>		<u>20,672,000</u>

The goodwill allocated to the asset groups and groups of asset groups from Tianjin CSG Architectural was summarized by operating segments as Architectural Glass segment. The goodwill allocated to the asset groups and groups of asset groups from Shenzhen CSG Display and Xianning CSG Photoelectric are summarized by operating segments as Electronic Glass and Display segment.

Combining with the prediction of the future business and independent third party appraisal institution, the Company's management considered that the goodwill was impaired RMB 20,672,000 as at 31 December 2018.

The recoverable amount of asset groups is determined by net present value of estimated future cash flows which is determined according to the five-year budget approved by management. The cash flow exceed five years is forecasted by using growth rates not exceeding similar long-term average growth rates of each asset group's industry. The discount rates used are the pre-tax interest rates that are able to reflect the risks specific to the related asset groups.

(12) Deferred tax assets and liabilities

(a) Deferred tax assets before offsetting

	31 December 2018		31 December 2017	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairments	394,331,591	68,458,375	361,149,562	55,552,592
Tax losses	407,739,415	72,421,592	133,658,792	24,457,319
Government grants	256,949,965	41,523,325	128,189,967	20,424,022
Accrued expenses	42,393,456	6,359,019	50,193,405	7,529,011
Depreciation of fixed assets	27,973,574	4,311,723	33,762,174	8,000,331
Share payment	16,366,061	2,597,038	5,196,945	867,677
	<u>1,145,754,062</u>	<u>195,671,072</u>	<u>712,150,845</u>	<u>116,830,952</u>

Including:

Expected to be reversed within one year (inclusive)	54,631,827	33,751,219
Expected to be reversed after one year	141,039,245	83,079,733
	<u>195,671,072</u>	<u>116,830,952</u>

(b) Deferred tax liabilities before offsetting

	31 December 2018		31 December 2017	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Depreciation of fixed assets	474,157,813	78,260,394	371,115,284	56,874,044
Including:				
Expected to be reversed within one year (inclusive)		23,373,156		4,247,230
Expected to be reversed after one year		54,887,238		52,626,814
		<u>78,260,394</u>		<u>56,874,044</u>

(c) Deductible losses that are not recognized as deferred tax assets of the Group are analyzed as follows:

	31 December 2018	31 December 2017
Deductible losses	<u>517,898,158</u>	<u>425,759,321</u>

The deductible tax losses not recognized as deferred tax assets mainly represented the tax losses of the Company and some closed subsidiaries. Management was unable to expect that whether there were taxable profit would be available in the future against which these deductible tax losses can be utilized, and accordingly, did not recognize the deferred tax assets.

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

	31 December 2018	31 December 2017
2018	-	54,100,000
2019	82,300,000	82,300,000
2020	94,430,197	94,430,197
2021	111,625,585	111,625,585
2022	83,303,539	83,303,539
2023	146,238,837	-
	<u>517,898,158</u>	<u>425,759,321</u>

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

	31 December 2018		31 December 2017	
	Net deferred tax assets or liabilities	Deductible/taxable temporary differences after offsetting	Net deferred tax assets or liabilities	Deductible/taxable temporary differences after offsetting
Deferred tax assets	139,529,518	817,628,525	80,872,862	472,134,707
Deferred tax liabilities	22,118,840	146,032,276	20,915,954	131,099,146

(13) Other non-current assets

	31 December 2018	31 December 2017
Prepayment for equipment and software upgrading expenses	50,315,934	45,431,352
Prepayment for lease of land use rights	6,510,000	6,510,000
	<u>56,825,934</u>	<u>51,941,352</u>

(14) Provision for asset impairment

	31 December 2017	Increase in current year	Other Increased in current year	Reversal in current year	Written off in current year	31 December 2018
Provision for bad debts	26,432,471	13,699,656	-	(13,161,243)	(2,750,772)	24,220,112
Including: Provision for bad debts of accounts receivable	21,912,067	13,421,633	-	(12,917,031)	(2,750,772)	19,665,897
Provision for bad debts of other receivables	4,520,404	278,023	-	(244,212)	-	4,554,215
Provision for decline in the value of inventories	1,516,564	497,272	-	-	(8,823)	2,005,013
Provision for impairment of fixed assets	280,752,854	12,373,970	19,876,460	-	(201,325,315)	111,677,969
Provision for impairment of construction in progress	93,994,788	102,464,495	190,110,944	-	(19,876,460)	366,693,767
Provision for impairment of intangible assets	13,210,480	-	-	-	-	13,210,480
Provision for impairment of goodwill	-	20,672,000	-	-	-	20,672,000
	<u>415,907,157</u>	<u>149,707,393</u>	<u>209,987,404</u>	<u>(13,161,243)</u>	<u>(223,961,370)</u>	<u>538,479,341</u>

(15) Short-term borrowings

	31 December 2018	31 December 2017
Unsecured	2,008,000,000	2,691,732,609
Guaranteed (i)	909,679,590	1,012,898,300
Mortgage loan	5,000,000	-
	<u>2,922,679,590</u>	<u>3,704,630,909</u>

- (i) As at 31 December 2018, the Company provided its subsidiaries with guarantee for the short-term borrowings of RMB909,679,590 (31 December 2017: RMB1,012,898,300), and the Company had no counter guarantee from minority shareholders of subsidiaries (31 December 2017: Nil).

As at 31 December 2018, the interest of short-term borrowings varied from 2.95% to 5.66% (31 December 2017: 2.70% to 5.66%).

(16) Notes payable and Accounts payable

	31 December 2018	31 December 2017
Notes payable	105,150,000	213,401,622
Accounts payable	1,209,859,263	1,400,166,042
	<u>1,315,009,263</u>	<u>1,613,567,664</u>

1、Notes payable

	31 December 2018	31 December 2017
Bank acceptance notes	<u>105,150,000</u>	<u>213,401,622</u>

All notes payable are due within one year.

2、Accounts payable

	31 December 2018	31 December 2017
Materials payable	749,987,838	798,178,206
Equipment payable	230,997,567	329,926,045
Construction expenses payable	133,247,003	167,394,038
Freight payable	62,455,534	61,671,023
Utilities payable	27,099,683	35,973,405
Others	6,071,638	7,023,325
	<u>1,209,859,263</u>	<u>1,400,166,042</u>

As at 31 December 2018, the amount of accounts payable over 1 year was approximately RMB159,491,611 (31 December 2017: RMB160,638,075), which mainly comprised payables for construction and equipment. As the construction work had not passed the final acceptance test yet, the balance was not yet settled.

(17) Advances from customers

	31 December 2018	31 December 2017
Advances for goods from customers	<u>206,631,008</u>	<u>195,563,465</u>

The ageing of balances was substantively within 1 year.

(18) Employee benefits payable

	31 December 2018	31 December 2017
Short-term employee benefits payable (a)	262,906,600	272,144,440
Defined contribution plans payable (b)	54,313	26,220
Termination benefits(c)	3,498,238	
	<u>266,459,151</u>	<u>272,170,660</u>

(a) Short-term employee benefits

	31 December 2017	Increase in current year	Decrease in current year	31 December 2018
Wages and salaries, bonus, allowances and subsidies	175,485,615	1,207,779,066	(1,140,700,379)	242,564,302
Social security contributions	13,752	43,590,775	(43,579,846)	24,681
Including: Medical insurance	12,358	36,366,039	(36,357,092)	21,305
Work injury insurance	984	4,692,227	(4,690,854)	2,357
Maternity insurance	410	2,532,509	(2,531,900)	1,019
Housing funds	2,758,371	45,979,653	(46,124,437)	2,613,587
Labour union funds and employee education funds	15,280,702	15,807,368	(13,384,040)	17,704,030
Management bonus (i)	78,606,000	-	(78,606,000)	-
Share-based payments	-	144,278,158	(144,278,158)	-
	<u>272,144,440</u>	<u>1,457,435,020</u>	<u>(1,466,672,860)</u>	<u>262,906,600</u>

(i) Pursuant to the resolution at the 8th session in the temporary conference of the board of directors of the Company on 11 December 2017, to implemented equity incentive plans of restricted stock for the Company directors and senior management, core management team, backbones of technology and business. The company first awarded 97,511,654 restricted shares to 454 incentive objects for the first time at RMB4.28 per share. The total fair value of the equity instruments granted to the incentive object by the company for the first time is RMB289,519,900. The total value of such fair value as the total cost of the company's equity incentive plan will be confirmed in stages according to the ratio of unlocking/exercising in the implementation of the equity incentive plan, and it is included in the cost in the term of "management fees and Construction in progress " and "capital reserves - other capital reserves".

Pursuant to the resolution at the 8th session in the temporary conference of the board of directors of the Company on 13 September 2018, The grant date was confirmed on September 13, 2018. The company awarded 9,826,580 restricted shares to 75 incentive objects for the first time at RMB3.68 per share. The total fair value of the equity instruments granted to the incentive object by the company is RMB8,256,000. The total value of such fair value as the total cost of the company's equity incentive plan will be confirmed in stages according to the ratio of unlocking/exercising in the implementation of the equity incentive plan, and it is included in the cost in the term of "management fees and Construction in progress " and "capital reserves - other capital reserves".

In addition, according to the Group's performance in 2018, the unlocking conditions for the second post lock-up period for the ordinary A restricted shares incentive plan for 2017 In addition, according to the Group's performance in 2018, the unlocking conditions for the second post lock-up period for the restricted shares incentive plan for 2017 and for the second post lock-up period for the restricted shares incentive plan for 2018 were not met. Therefore, by December 31 2018 ,expenses for the second post lock-up period for the ordinary A restricted shares was reduced by RMB 41,856,285.

The Company unlock the conditions of restricted share in 2018, and the cost associated with equity incentive plan is confirmed at RMB144,278,158 in this phase.

(b) Defined contribution plans

	31 December 2017	Increase in current year	Decrease in current year	31 December 2018
Basic pensions	25,388	106,923,957	(106,896,772)	52,573
Unemployment insurance	832	3,774,201	(3,773,293)	1,740
	<u>26,220</u>	<u>110,698,158</u>	<u>(110,670,065)</u>	<u>54,313</u>

(c) Termination benefits

	31 December 2017	Increase in current year	Decrease in current year	31 December 2018
Other dismissal welfare	-	9,812,341	(6,314,103)	3,498,238
	<u>-</u>	<u>9,812,341</u>	<u>(6,314,103)</u>	<u>3,498,238</u>

(19) Taxes payable

	31 December 2018	31 December 2017
Enterprise income tax payable	36,008,341	35,100,800
VAT payable	54,091,751	48,496,225
Housing property tax payable	5,156,058	8,617,044
Individual income tax payable	3,367,389	5,177,080
City maintenance and construction tax payable	3,246,775	4,261,902
Educational surcharge payable	2,586,657	3,348,566
Environmental tax payable	2,350,943	-
Others	5,159,451	6,995,147
	<u>111,967,365</u>	<u>111,996,764</u>

(20) Other payables

	31 December 2018	31 December 2017
Interest payable	73,612,703	34,032,740
Dividend payable	2,846,362	-
Other payables	476,292,122	619,324,354
	<u>552,751,187</u>	<u>653,357,094</u>

1. Interest payable

	31 December 2018	31 December 2017
Interest payable for medium term notes	65,267,308	27,622,465
Interest of long-term borrowings with periodic payments of interest and return of principal at maturity	754,878	938,950
Interest payable for short-term borrowings	7,590,517	5,471,325
	<u>73,612,703</u>	<u>34,032,740</u>

2. Dividend payable

	31 December 2018	31 December 2017
Restricted share dividend payable	2,846,362	
	<u>2,846,362</u>	<u>-</u>

3. Other payables

	31 December 2018	31 December 2017
Guarantee deposits received from construction contractors	63,181,510	49,624,256
Accrued cost of sales (i)	37,407,112	58,584,562
Temporary collection of payment for land transfer	56,106,781	56,196,000
Payable for contracted labor costs	16,030,100	17,568,695
Temporary receipts	13,581,459	7,964,070
Deposit for disabled	4,943,347	5,230,110
Restricted share repurchase obligation	275,748,309	417,349,879
Others	9,293,504	6,806,782
	<u>476,292,122</u>	<u>619,324,354</u>

- (i) It represented the payment made to external third parties arising from undertaking the rights of debtor and creditor, comprising water and electricity, professional service fee and travelling expenses etc.

The ageing of other payables was substantively within 1 year.

(21) Current portion of non-current liabilities

	31 December 2018	31 December 2017
Current portion of long-term borrowings		
- Guaranteed	87,800,000	14,880,000
- Unsecured	-	180,000,000
Current portion of finance lease	731,648,742	709,381,397
	<u>819,448,742</u>	<u>904,261,397</u>

(22) Long-term borrowings

	31 December 2018	31 December 2017
Medium term notes (i)	2,000,000,000	1,200,000,000
Guaranteed	315,700,000	354,120,000
	<u>2,315,700,000</u>	<u>1,554,120,000</u>

- (i) Approved by file No. [2015] MTN225 of Inter-bank Market Trading Association, the Company is entitled to issue medium term notes with the limit of RMB 1,200,000,000, which expires on 28 May 2017.

On 14 July 2015, the Company issued the Phase I medium term notes of RMB1,200,000,000 for 2015, with the maturity date of 14 July 2020 and annual rate of 4.94%.

Approved by file No. [2018] MTN157 of Inter-bank Market Trading Association, the Company is entitled to issue medium term notes with the limit of RMB 800,000,000 which expires on 20 March 2020.

On 14 May 2018, the Company issued the Phase I medium term notes of RMB 800,000,000 for 2018, with the maturity date of 4 May 2021 and annual rate of 7%.

As at 31 December 2018, the interest of long-term borrowings varied from 4.75% to 7.00% (31 December 2017: 4.75% to 5.94%).

(23) Long-term account payable

	31 December 2018	31 December 2017
Finance lease	<u>529,910,796</u>	<u>1,161,794,247</u>

The Sale and leaseback lease of the group in this phase is a mortgage loan with a lease term of 36 months. On December 31, 2018, the real interest rate of financing lease loans is 4.49%-7.8%.

(24) Deferred income

	31 December 2018	31 December 2017
Government grants	<u>601,825,780</u>	<u>562,701,103</u>

Government grants are analyzed as follows:

Government grants	31 December 2017	Increase in current year	Other decrease in current year	Non-operating income in current year	31 December 2018	Assets/Income related
Tianjin CSG Golden Sun Project (i)	53,717,119	-	-	(3,374,892)	50,342,227	Assets related
Dongguan CSG Golden Sun Project (ii)	43,328,250	-	-	(2,751,000)	40,577,250	Assets related
Hebei CSG Golden Sun Project (iii)	44,000,000	-	-	(2,750,000)	41,250,000	Assets related
Xianning CSG Golden Sun Project (iv)	47,982,917	-	-	(3,030,500)	44,952,417	Assets related
Infrastructure compensation for Wujiang CSG Glass Co., Ltd (v)	39,628,898	-	-	(4,041,538)	35,587,360	Assets related

Qingyuan Energy-saving project (vi)	20,789,167	-	-	(2,470,000)	18,319,167	Assets related
Yichang polysilicon products project (vii)	21,796,875	-	-	(2,812,500)	18,984,375	Assets related
Yichang CSG polysilicon slice auxiliary project (viii)	12,662,876	571,590	(2,384,700)	(1,235,755)	9,614,011	Assets related
Sichuan energy-saving glass project (ix)	10,475,460	-	-	(1,654,020)	8,821,440	Assets related
Group coating film experimental project (x)	7,526,280	-	-	(1,883,760)	5,642,520	Assets related
Yichang expert silicon project (xi)	3,599,883	-	-	(272,730)	3,327,153	Assets related
Yichang semiconductor silicon project (xii)	3,400,000	-	-	(266,667)	3,133,333	Assets related
Yichang CSG Display project (xiii)	50,836,604	-	-	(2,534,478)	48,302,126	Assets related
Xianning Photoelectric project (xiv)	7,800,000	-	-	-	7,800,000	Assets related
Group talent fund project (xv)	171,000,000	-	-	-	171,000,000	Income related
Qingyuan CSG Energy-Saving Industry Co-construction support fund(xvi)		74,170,000	-	(11,343,456)	62,826,544	Income related
Others	24,156,774	9,028,290	(175,834)	(1,663,373)	31,345,857	Assets related/Income related
	562,701,103	83,769,880	(2,560,534)	(42,084,669)	601,825,780	

- (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. The facilities belonged to Tianjin CSG upon completion. 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. The facilities belonged to Dongguan CSG upon completion. 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 CSG"). 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. The facilities belonged to Xianning CSG upon completion. 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 a pilot project for strategic emerging industry clusters development, which was used to establish high performance ultra-thin electronic glass production lines by Qingyuan CSG. The allowance will be credited to income statement in 10 years, the useful life of the production line.
- (vii) The balance represented amounts granted to Yichang CSG polysilicon Co., Ltd. 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 polysilicon is entitled to the ownership of the facilities, which will be amortised by 16 years according to the useful life of the converting station.
- (viii) It represented the government supporting fund obtained by Yichang polysilicon from the acquiring of the assets and liabilities of Crucible project of Yichang Hejing Photoelectric Ceramic Co., Ltd. The proceeds would be amortised and credited to income statement by 16 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) It represented the funds granted by Hubei local government for import discount complement and international corporation special subsidy. The grant will be amortised and credited to income statement by 12 to 15 years.
- (xii) It represented the special subsidy of Yichang National Regional Strategic Emerging Industry Development Pilot Project II, which is used to complement Yichang CSG Polysilicon “Hubei semiconductor silicon preparative technique project laboratory”. The grant will be amortised and credited to income statement by 15 years.
- (xiii) It represented the funds granted by Yichang Municipal Government for Yichang CSG Display Company's flat project construction support funds and construction of coil coating three-line project. The grant will be amortised and credited to income statement by 15 years.
- (xiv) It represented the funds granted by Xianning Government of the Project supporting fund for photoconductive glass production line, which is used to pay for Xianning CSG Glass Co. Ltd. constructing the project of photoelectric photoelectric optical glass production line. After the completion of the production line, the ownership belongs to Xianning photoelectric. The allowance will be credited to income statement in 8 years, the useful life of the production line.
- (xv) The allowance was granted by Administrative Commission of Yichang High-tech Industrial Development Zone. For senior management personnel, engineering technical personnel and senior professional technical team which is working at Yichang or plane to introduction, RMB171 million fund was set up, as a special fund for talent introduction and housing resettlement.
- (xvi) The allowance was granted by Fogang Municipal Government related 2018 province industry co-construction support fund. The allowance was used for company development and operation by Qingyuan CSG New Energy-Saving Materials Co., Ltd.

(25) Share capital

	31 December 2017	Movement for the year ended 31 December 2018				31 December 2018
		New issues during the year	Bonus issue	Capitalisation	Others	
RMB-denominated ordinary shares	1,509,664,303	-	-	226,449,645	43,353,050	1,779,466,998
Limited selling condition shares	97,511,654	9,826,580	-	14,626,748	(46,672,107)	75,292,875
Domestically listed foreign shares	876,971,590	-	-	131,545,738	-	1,008,517,328
	<u>2,484,147,547</u>	<u>9,826,580</u>	<u>-</u>	<u>372,622,131</u>	<u>(3,319,057)</u>	<u>2,863,277,201</u>

	31 December 2016	Movement for the year ended 31 December 2017				31 December 2017
		New issues during the year	Bonus issue	Capitalisation	Others	
RMB-denominated ordinary shares	1,312,751,568	-	-	196,912,735	-	1,509,664,303
Limited selling condition shares	-	97,511,654	-	-	-	97,511,654
Domestically listed foreign shares	762,583,992	-	-	114,387,598	-	876,971,590
	<u>2,075,335,560</u>	<u>97,511,654</u>	<u>-</u>	<u>311,300,333</u>	<u>-</u>	<u>2,484,147,547</u>

The par value of the RMB-denominated ordinary shares is RMB1, and that of domestically listed foreign shares is HKD1.

(26) Capital surplus

	31 December 2017	Increase in current year	Decrease in current year	31 December 2018
Share premium (i)	1,353,802,562	151,633,385	(381,655,736)	1,123,780,211
Other capital surplus	(47,420,797)	144,278,158	(125,298,151)	(28,440,790)
Share of changes in equity other than comprehensive income and profit distribution of investees under the equity method	757,420	-	-	757,420
Share-based payment (ii)	11,006,378	144,278,158	(125,298,151)	29,986,385
Transfer of capital surplus recognized under the previous accounting system	(2,250,222)	-	-	(2,250,222)
Disposal of fractional shares	1,316,208	-	-	1,316,208
Purchase of minority interests	(87,197,562)	-	-	(87,197,562)
Shareholders interest-free loans	28,946,981	-	-	28,946,981
	1,306,381,765	295,911,543	(506,953,887)	1,095,339,421

	31 December 2016	Increase in current year	Decrease in current year	31 December 2017
Share premium	1,345,264,670	319,838,225	(311,300,333)	1,353,802,562
Other capital surplus	(84,562,473)	37,141,676	-	(47,420,797)
Share of changes in equity other than comprehensive income and profit distribution of investees under the equity method	757,420	-	-	757,420
Share-based payment	2,811,683	8,194,695	-	11,006,378
Transfer of capital surplus recognised under the previous accounting system	(2,250,222)	-	-	(2,250,222)
Disposal of fractional shares	1,316,208	-	-	1,316,208
Purchase of minority interests	(87,197,562)	-	-	(87,197,562)
Shareholders interest-free loans	-	28,946,981	-	28,946,981
	1,260,702,197	356,979,901	(311,300,333)	1,306,381,765

(a) The reason for the decrease of capital reserve - other in current year was the acquisition of minority interests, with the detail as follows:

(i) The Company passed the 2017 annual general meeting of shareholders held on May 14, 2018 and transferred 1.5 shares to every 10 shares for all shareholders. The total share capital before the distribution was 2,484,147,547 shares, and the total share capital after the dividend was increased to 2,856,769,678 shares. Capital reserve decreased by RMB 372,622,131;

By the 2th temporary meeting of shareholders held on 6th August 2018, the company decided to repurchase and cancel the still-restricted shares which have already been granted to and held by 15 recipients no longer qualified for "incentive plan" due to either resignation or position adjustment 3,319,057 shares were repurchased and cancelled, the capital reserve was reduced by RMB 9,033,605. The company has finished above cancellations of the restricted shares by 1st September 2018.

(ii) The Company held the 8th temporary meeting of Board member members on September 13, 2018, which reviewed and approved September 13, 2018 to be the shares granting date and 75 recipients to be granted 9,826,580 restricted shares in total. The price of shares to be granted was determined as RMB 3.68 /share., the capital reserve increased by RMB 26,335,234.

The Company held the 8th temporary meeting of Board member members on December 12, 2018, which reviewed and approved the releasing conditions on the first-time expiring trading restrictions of the initial part of the incentive plan on restricted shares from ordinary A. A total of 431 recipients of the incentive plan were able to fulfill the conditions. The amount of 43,353,050 shares could be released from restrictions. Other capital reserve and share payment was decreased by RMB 125,298,151, capital reserve and capital premium was decreased by RMB125,298,151. The restricted shares were released and listed by company on December 21, 2018.

In addition, according to the Group's performance in 2018, the unlocking conditions for the second post lock-up period for the ordinary A restricted shares incentive plan for 2017. In addition, according to the Group's performance in 2018, the unlocking conditions for the second post lock-up period for the restricted shares incentive plan for 2017 and for the second post lock-up period for the restricted shares incentive plan for 2018 were not met. Therefore, by December 31, 2018, expenses for the second post lock-up period for the ordinary A restricted shares were reduced by RMB 41,856,285.

This year, due to the equity incentive plan, the share payment fee of RMB144,278,158 was confirmed.

(27) Treasury shares

	31 December 2017	Increase in current year	Decrease in current year	31 December 2018
Obligations of restricted share buybacks	417,349,879	37,594,488	(177,763,384)	277,180,983
	417,349,879	37,594,488	(177,763,384)	277,180,983

Explanation on changes in treasury stocks: The company confirms liabilities and treasury shares at the same time, based on the number of restricted shares issued and the corresponding repurchase price.

(28) Other comprehensive income

	Other comprehensive income in Balance Sheet			Other comprehensive income in Income Statement for the year ended 31 December 2018				
	31 December 2017	Attributable to parent company after tax	31 December 2018	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 parent company after tax	Attributable to minority shareholders after tax
Other comprehensive income items which will be reclassified subsequently to profit or loss								
Financial rewards for energy-saving technical retrofits	2,550,000	-	2,550,000	-	-	-	-	-
Difference on translation of foreign currency financial statements	(601,057)	3,131,291	2,530,234	3,131,291	-	-	3,131,291	-
	1,948,943	3,131,291	5,080,234	3,131,291	-	-	3,131,291	-

	Other comprehensive income in Balance Sheet			Other comprehensive income in Income Statement for the year ended 31 December 2017				
	31 December 2016	Attributable to parent company after tax	31 December 2017	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 parent company after tax	Attributable to minority shareholders after tax
Other comprehensive income items which will be reclassified subsequently to profit or loss								
Financial rewards for energy-saving technical retrofits	2,550,000	-	2,550,000	-	-	-	-	-
Difference on translation of foreign currency financial statements	2,103,971	(2,705,028)	(601,057)	(2,705,028)	-	-	(2,705,028)	-
	4,653,971	(2,705,028)	1,948,943	(2,705,028)	-	-	(2,705,028)	-

(29) Special reserve

	31 December 2017	Increase in current year	Decrease in current year	31 December 2018
Safety production costs	3,224,938	8,319,885	(5,476,223)	6,068,600

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

(30) Surplus reserve

	31 December 2017	Increase in current year	Decrease in current year	31 December 2018
Statutory surplus reserve	792,739,764	3,713,043	-	796,452,807
Discretionary surplus reserve	127,852,568	-	-	127,852,568
	<u>920,592,332</u>	<u>3,713,043</u>	<u>-</u>	<u>924,305,375</u>

	31 December 2016	Increase in current year	Decrease in current year	31 December 2017
Statutory surplus reserve	760,655,662	32,084,102	-	792,739,764
Discretionary surplus reserve	127,852,568	-	-	127,852,568
	<u>888,508,230</u>	<u>32,084,102</u>	<u>-</u>	<u>920,592,332</u>

In accordance with the *Company Law of the People's Republic of China* 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 accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the paid-in capital after approval from the appropriate authorities. The Company accrued statutory surplus reserve at the amount of RMB3,713,043 based on 10% of the net profit, in 2018 (2017: RMB32,084,102, 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.

(31) Undistributed profits

	2018	2017
Undistributed profits at beginning of year	4,159,642,227	3,573,871,573
Add: Net profits attributable to shareholders of parent company	452,965,935	825,388,312
Less: Appropriation for statutory surplus reserve	(3,713,043)	(32,084,102)
Ordinary share dividends payable (a)	<u>(122,630,396)</u>	<u>(207,533,556)</u>
Undistributed profits at end of year	<u>4,486,264,723</u>	<u>4,159,642,227</u>

- (a) Pursuant to the resolution of Board of Directors of the Company on 14 May 2018, the Company paid cash dividends of RMB0.5 (tax inclusive) for each 10 shares based on total shares of 2,484,147,547, with the total cash dividends distributed of RMB124,207,377.

Recipients resigned were expected to be decreased revocable cash dividends of RMB 1,576,981 in current year.

(32) Revenue and cost of sales

	2018	2017
Revenue from main operations	10,536,501,926	10,786,756,657
Revenue from other operations	73,461,085	92,644,089
	<u>10,609,963,011</u>	<u>10,879,400,746</u>
	2018	2017
Cost of sales from main operations	8,112,012,841	8,183,862,835
Cost of sales from other operations	8,469,053	32,495,537
	<u>8,120,481,894</u>	<u>8,216,358,372</u>

(a) Revenue and cost of sales from main operations

Revenue and cost of sales from main operations analyzed by industry and product are set out below:

	2018		2017	
	Revenue	Cost	Revenue	Cost
Glass industry	7,385,946,431	5,375,433,121	6,975,512,082	5,179,173,783
Solar energy industry	2,296,917,214	2,170,991,475	3,091,397,745	2,493,891,466
Electronic glass and display	955,864,280	666,108,617	867,223,335	652,646,493
Elimination	(102,225,999)	(100,520,372)	(147,376,505)	(141,848,907)
	<u>10,536,501,926</u>	<u>8,112,012,841</u>	<u>10,786,756,657</u>	<u>8,183,862,835</u>

(b) Revenue and cost of sales from other operations

	2018		2017	
	Revenue	Cost	Revenue	Cost
Sales of raw materials and Others	73,461,085	8,469,053	92,644,089	32,495,537
	<u>73,461,085</u>	<u>8,469,053</u>	<u>92,644,089</u>	<u>32,495,537</u>

(33) Taxes and surtax

	2018	2017
City maintenance and construction tax	37,842,081	33,115,925
Educational surcharge	29,975,981	26,156,521
Housing property tax	31,453,204	29,539,408
Land use rights	20,147,106	21,941,304
Stamp tax	5,492,647	5,395,333

	Environmental tax	10,136,863	-
	Others	5,376,969	8,375,435
		<u>140,424,851</u>	<u>124,523,926</u>
(34)	Selling expenses		
		2018	2017
	Freight expenses	163,197,092	159,825,411
	Employee benefits	120,513,530	110,068,886
	Entertainment fees	14,654,064	12,690,770
	Business travel expenses	11,066,121	10,931,013
	Vehicle use fees	8,480,143	7,609,882
	Rental expenses	6,469,600	5,937,331
	Depreciation expenses	973,181	970,739
	Others	29,629,728	28,097,691
		<u>354,983,459</u>	<u>336,131,723</u>
(35)	Administrative expenses		
		2018	2017
	Employee benefits	442,272,618	295,657,274
	Depreciation expenses	62,737,730	65,929,139
	Amortization of intangible assets	50,567,703	43,884,166
	General office expenses	22,933,432	25,126,422
	Labor union funds	15,317,022	14,696,230
	Entertainment fees	14,159,098	12,027,303
	Business travel expenses	11,903,093	11,074,568
	Utility fees	10,833,683	10,108,470
	Canteen costs	8,202,537	9,357,983
	Vehicle use fees	6,853,349	6,639,769
	Consulting advisers	32,308,070	24,935,512
	Others	53,126,916	69,215,561
		<u>731,215,251</u>	<u>588,652,397</u>

(36) Research and development expenses

	2018	2017
Research and development expenses	338,791,891	330,677,375
	<u>338,791,891</u>	<u>330,677,375</u>

(37) Financial expenses

	2018	2017
Interest on borrowings	423,763,192	344,459,771
Less: Capitalized interest	(22,136,125)	(29,856,175)
Interest expenses	401,627,067	314,603,596
Less: Interest income	(61,857,535)	(12,606,285)
Exchange losses	(4,955,956)	4,780,451
Others	14,589,911	9,183,318
	<u>349,403,487</u>	<u>315,961,080</u>

(38) Expenses by nature

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

	2018	2017
Changes in inventories of finished goods and work in progress	98,883,578	(139,651,079)
Consumed raw materials and low value consumables, etc.	4,545,216,065	4,941,314,821
Fuel fee	1,223,356,407	1,143,379,014
Employee benefits	1,335,584,375	1,222,510,952
Depreciation and amortization expenses	1,018,151,059	1,002,432,274
Utility fees	813,320,471	778,033,060
Freight expenses	171,566,693	159,825,411
General office expenses	42,726,767	43,816,479
Canteen costs	37,952,058	39,682,701
Business travel expenses	27,455,316	26,904,472
Entertainment fees	31,045,998	26,167,761
Vehicle use fee	16,882,396	15,851,907
Rental expenses	11,212,221	10,489,299
Others	172,119,091	201,062,795
	<u>9,545,472,495</u>	<u>9,471,819,867</u>

(39) Asset impairment losses

	2018	2017
Impairment loss of fixed assets	12,373,970	36,260,304
Bad debts	538,413	6,187,739
Decline in the value of inventories	497,272	68,974
Impairment loss in construction in progress	102,464,495	26,882,738
Impairment loss in goodwill	20,672,000	-
	<u>136,546,150</u>	<u>69,399,755</u>

(40) Investment income

	2018	2017
Losses from disposal of financial liabilities at fair value through profit or loss	-	427,636
	<u>-</u>	<u>427,636</u>

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

(41) Asset disposal income

	2018	2017
Gains on disposal of non-current assets	(454,368)	(1,768,993)
	<u>(454,368)</u>	<u>(1,768,993)</u>

(42) Other income

	2018	2017
Government subsidy amortization	42,084,669	47,070,175
Industry support funds	17,950,780	16,123,793
Research grants	10,368,881	6,940,140
Government incentive funds	13,647,951	12,457,123
Others	10,565,758	1,750,583
	<u>94,618,039</u>	<u>84,341,814</u>

(43) Non-operating income

	2018	2017	Amount of non-recurring gains and losses included in 2018
Government grants (a)	217,500	3,533,603	217,500

Default income	50,400	275,000	50,400
Compensation income	6,537,875	15,557,320	6,537,875
Amounts unable to pay	4,778,583	27,959	4,778,583
Others	2,274,293	1,369,160	2,274,293
	<u>13,858,651</u>	<u>20,763,042</u>	<u>13,858,651</u>

(a) Government grants are analysed below:

	2018	2017	Category
Government awards fund	150,000	2,748,263	Income related
Interest subsidy for technological renovation	-	600,000	Income related
Others	67,500	185,340	Income related
	<u>217,500</u>	<u>3,533,603</u>	

(44) Non-operating expenses

	2018	2017	Amount of non-recurring gains and losses included in 2018
Compensation	-	492,228	-
Donation	260,033	1,118,999	260,033
Others	1,281,438	3,541,364	1,281,438
	<u>1,541,471</u>	<u>5,152,591</u>	<u>1,541,471</u>

(45) Income tax expenses

	2018	2017
Current income tax	129,842,061	160,923,182
Deferred income tax	<u>(57,453,770)</u>	<u>6,747,809</u>
	<u>72,388,291</u>	<u>167,670,991</u>

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

	2018	2017
Total profit	<u>544,596,879</u>	<u>996,307,026</u>
Income tax expenses calculated at applicable tax rates by company	64,115,428	149,078,702
Effect of changes in tax rates	1,512,060	-
Costs, expenses and losses not deductible for tax purposes	19,250,051	7,893,473

Income not subject to tax	-	(33,833)
Deductible losses for which no deferred tax asset was recognised in current period	36,559,709	20,825,885
Effect of tax incentives	(32,258,314)	(13,637,793)
Reconciliation of income tax for prior years in annual filing	(16,790,643)	3,544,557
Income tax expenses	<u>72,388,291</u>	<u>167,670,991</u>

(46) Earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding.

The numerator of diluted earnings per share is determined based on the net profit attributable to the common shareholders of the company's common stock. The following factors are adjusted to determine: (1) interest on dilutive potential ordinary shares that have been recognized as expenses in the current period; (2) dilutive potential ordinary The income or expenses that will be generated when the shares are converted; (3) The above-mentioned adjustments related to income tax effects.

The denominator of the diluted earnings per share equals the sum of: (1) the weighted average number of ordinary shares of the parent company in the underlying earnings per share; (2) ordinary shares that are increased assuming the dilution of potential ordinary shares into common shares The weighted average.

When calculating the weighted average of the number of ordinary shares increased from diluted common stocks to ordinary shares, the diluted potential ordinary shares issued during the previous period are assumed to be converted at the beginning of the current period; diluted potential ordinary shares of the current period are issued. , assuming a conversion on the issue date.

The basic calculation of basic earnings per share and diluted earnings per share are as follows:

(a) Basic earnings per share:

	2018	2017
Consolidated net profit attributable to ordinary shareholders of parent company	452,965,935	825,388,312
Weighted average number of outstanding ordinary	2,787,726,094	2,744,631,277
Basic earnings per share	<u>0.16</u>	<u>0.30</u>

(b) Diluted earnings per share:

Diluted earnings per share are calculated by dividing consolidated net profit attributable to ordinary shareholders of the parent company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of outstanding ordinary shares of the Company. For the year ended 31 December 2018, the Company had diluted earnings per shares of RMB 0.16(2017: RMB 0.29 per share).

(47) Notes to the cash flow statement

(a) Cash generated by other operating activities

	2018	2017
Government grants	136,520,750	40,805,242
Interest income	61,857,535	12,606,285
Others	17,445,309	18,937,040
	<u>215,823,594</u>	<u>72,348,567</u>

(b) Cash paid relating to other operating activities

	2018	2017
Freight expenses	194,159,982	170,941,469
Canteen costs	37,952,058	39,682,701
General office expenses	34,495,884	34,267,447
Research and development expenses	35,304,568	31,684,954
Business travel expenses	28,171,433	27,935,416
Entertainment fees	28,744,002	25,206,039
Vehicle use fee	16,882,396	15,851,907
Maintenance fee	34,453,953	25,969,168
Rental expenses	11,212,221	10,489,299
Insurance	11,942,647	8,759,738
Bank fees	14,589,911	9,183,318
Others	155,877,385	186,004,633
	<u>603,786,440</u>	<u>585,976,089</u>

(c) Cash generated by other investing activities

	2018	2017
Income from trial production of construction in progress	30,517,662	124,108,255
Government grants related to assets received	-	15,950,000
Land grant funds received	-	28,098,000
Insurance claims received	-	19,600,000
Deposit	537,656	-
	<u>31,055,318</u>	<u>187,756,255</u>

(d) Cash paid relating to other investing activities

	2018	2017
Trial production expenditure in construction	118,263,080	156,543,177
Deposit	-	43,541,859
	<u>118,263,080</u>	<u>200,085,036</u>

(e) Cash generated by other financing activities

	2018	2017
Interest-free borrowing	-	1,610,000,000
Income from financing leases	-	1,986,000,000
Receiving industrial production dispatch funds	-	20,000,000
	<u>-</u>	<u>3,616,000,000</u>

(f) Cash payments relating to other financing activities

	2018	2017
Repay financing leases	688,061,105	104,821,449
Pay for industrial production scheduling funds	-	31,000,000
Return interest-free loan	-	1,610,000,000
Deposit	10,098,279	5,030,994
Payment of loan, security and fee for bills	9,613,905	32,257,231
Entrusted loan	300,000,000	-
Equity incentive fund	12,352,662	-
	<u>1,020,125,951</u>	<u>1,783,109,674</u>

(48) Supplementary information to the cash flow statement

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

	2018	2017
Net profit	472,208,588	828,636,035
Add: Provision for asset impairment	136,546,150	69,399,755
Depreciation of fixed assets	965,935,450	957,475,579
Amortization of intangible assets	50,567,703	43,884,166
Net movements of safety production costs	2,843,662	(2,618,535)
Amortization of long-term prepaid expenses	1,647,906	1,072,529
Net losses/(gains) on disposal of fixed assets and intangible assets	141,486,074	8,194,695
Employee compensation based on shares	454,368	1,768,993
Financial expenses	401,627,067	314,603,596
Investment income/(loss)	-	(427,636)
Decrease/(increase) in deferred tax assets	(58,656,656)	15,578,992
Increase/(decrease) in deferred tax liabilities	1,202,886	(8,833,183)
(Increase)/decrease in inventories	85,267,118	(201,257,769)
Increase in operating payables	(63,345,244)	(206,859,922)
Increase in operating receivables	(7,406,972)	642,828,861
Net cash flows from operating activities	<u>2,130,378,100</u>	<u>2,463,446,156</u>

(b) Net increase/(decrease) in cash

	2018	2017
Cash and cash equivalents at end of year	2,225,126,913	2,459,753,165
Less: Cash and cash equivalents at beginning of year	<u>(2,459,753,165)</u>	<u>(584,566,990)</u>
Net increase in cash and cash equivalents	<u>(234,626,252)</u>	<u>1,875,186,175</u>

(c) Cash and cash equivalents

	31 December 2018	31 December 2017
Cash		
- Cash on hand	9,731	36,182
- Bank deposits that can be readily drawn on demand	2,225,117,182	2,409,716,983
- Other cash balances that can be readily drawn on demand	-	50,000,000
Cash at end of year	<u>2,225,126,913</u>	<u>2,459,753,165</u>

(49) Assets with restricted ownership or use rights

	2018	2017	Reason
Monetary assets	1,320,807	2,852,599	Restricted deposit flow
Property, plant and equipment	2,381,348,551	2,369,789,041	Limited finance lease and Restricted mortgage loan
	<u>2,382,669,358</u>	<u>2,372,641,640</u>	

(50) Monetary items denominated in foreign currencies

	31 December 2018		
	Balances denominated in foreign currencies	Exchange rates	Balances denominated in RMB
Cash at bank and on hand -			
HKD	1,579,085	0.8762	1,383,594
USD	11,853,148	6.8632	81,350,525
EUR	70,422	7.8473	552,623
JPY	12,072,746	0.0619	747,303
AUD	1,036	4.8250	4,999
			<u>84,039,044</u>
Accounts receivable -			
HKD	1,566,848	0.8762	1,372,872
USD	17,294,818	6.8632	118,697,795
EUR	946,785	7.8473	7,429,706
			<u>127,500,373</u>
Short-term borrowings -			
HKD	75,000,000	0.8762	65,715,000
			<u>65,715,000</u>
Accounts payable -			
HKD	307	0.8762	269
USD	8,184,348	6.8632	56,170,817
EUR	1,372,385	7.8473	10,769,517
JPY	26,293,425	0.0619	1,627,563
			<u>68,568,166</u>

5 The changes of consolidation scope

On 11 Feb 2018, the Group set up a subsidiary, Qingyuan CGS Quartz Materials co., Ltd. and the Group has invested RMB 6,000,000. The Group owns 100% of its equity.

On 30 Mar 2018, the Group set up a subsidiary, Dongguan Jingyu New material Co., Ltd. and the Group has invested RMB 24,000,000. The Group owns 80% of its equity.

The Group established a subsidiary company, Changshu CSG New Energy Co., Ltd. on 22 May 2018, and the Group has not invested yet. The Company holds 100% of its shares.

6 Interest in other entities

(1) Interest in subsidiaries

(a) Structure of the enterprise group

As at 31 December 2018, information of the Company's major subsidiaries is set out below:

	Major business location	Place of registration	Scope of business	Shareholding (%)	
				Direct	Indirect
Chengdu CSG	Chengdu, PRC	Chengdu, PRC	Development, production and sales of special glass	75%	25%
Sichuan CSG Energy Conservation	Chengdu, PRC	Chengdu, PRC	Development, production and sales of special glass and processing of glass	75%	25%
Tianjin Energy Conservation	Tianjin, PRC	Tianjin, PRC	Development, production and sales of special glass	75%	25%
Dongguan CSG Engineering	Dongguan, PRC	Dongguan, PRC	Intensive processing of glass	75%	25%
Dongguan CSG Solar	Dongguan, PRC	Dongguan, PRC	Production and sales of solar glass	75%	25%
Dongguan CSG PV-tech	Dongguan, PRC	Dongguan, PRC	Production and sales of hi-tech green battery and components	-	100%
Yichang CSG Polysilicon	Yichang, PRC	Yichang, PRC	Production and sales of high-purity silicon materials	75%	25%
Wujiang CSG Engineering	Wujiang, PRC	Wujiang, PRC	Intensive processing of glass	75%	25%
Hebei CSG	Yongqing, PRC	Yongqing, PRC	Production and sales of special glass	75%	25%
Wujiang CSG	Wujiang, PRC	Wujiang, PRC	Production and sales of special glass	100%	-
China Southern Glass (Hong Kong) Limited	Hong Kong, PRC	Hong Kong, PRC	Investment holding	100%	-
Hebei Shichuang	Yongqing, PRC	Yongqing, PRC	Production and sales of ultra-thin electronic glass	100%	-
Xianning CSG	Xianning, PRC	Xianning, PRC	Production and sales of special glass	75%	25%
Xianning CSG Energy-Saving	Xianning, PRC	Xianning, PRC	Intensive processing of glass	75%	25%
Qingyuan CSG Energy-Saving	Qingyuan, PRC	Qingyuan, PRC	Production and sales of ultra-thin electronic glass	100%	-
Shenzhen CSG Financial Leasing Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Finance leasing, etc.	75%	25%
Jiangyou CSG Mining Development Co. Ltd.	Jiangyou, PRC	Jiangyou, PRC	Production and sales of silica and its by-products	100%	-
Shenzhen CSG PV Energy Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Investment management of photovoltaic plant	100%	-
Qingyuan CSG New Energy Co., Ltd.	Qingyuan, PRC	Qingyuan, PRC	Clean energy development, photovoltaic power generation	-	100%
Suzhou CSG PV-tech Co., Ltd.	Wujiang, PRC	Wujiang, PRC	Clean energy development, photovoltaic power	-	100%

	PRC	PRC	generation		
Wujiang CSG New Energy Co., Ltd.	Wujiang, PRC	Wujiang, PRC	Clean energy development, photovoltaic power generation	-	100%
Yichang CSG New Energy Co., Ltd	Yichang, PRC	Yichang, PRC	Clean energy development, photovoltaic power generation	-	100%
Shenzhen CSG Display:	Shenzhen, PRC	Shenzhen, PRC	Production and sales of display component products	60.80%	-
Xianning CSG Photoelectric	Xianning, PRC	Xianning, PRC	Photoelectric glass and high aluminium glass	37.50%	62.50%

(b) Subsidiaries with significant minority interests

Subsidiaries	Shareholding of minority shareholders	Profit or loss attributable to minority shareholders for the year ended 31 December 2018	Dividends distributed to minority shareholders for the year ended 31 December 2018	Minority interests as at 31 December 2018
Shenzhen CSG Display	39.20%	15,900,492	-	318,802,856

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

31 December 2018						
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen CSG Display	220,538,417	1,418,945,195	1,639,483,612	620,430,756	171,541,290	791,972,046

2018				
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Shenzhen CSG Display	564,971,827	49,063,159	49,063,159	143,806,892

Segment information

The Group's business activities are categorized by product and service as follows:

- Glass segment, engaged in production and sales of float glass and engineering glass and the silica for the production thereof, etc.
- Solar energy segment, engaged in manufacturing and sales of polycrystalline silicon and solar battery and applications, etc.
- Electronic glass and display segment is responsible for production and sales of display components and special ultra-thin glass products, etc.

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 Estimates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

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 2018 is as follows:

	Flat glass	Electronic glass and displays	Solar energy	Others	Unallocated	Elimination	Total
Revenue from external customers	7,348,784,136	959,296,761	2,300,739,737	-	1,142,377	-	10,609,963,011
Inter-segment revenue	104,770,988	778,667	41,036,737	-	57,758,560	(204,344,952)	-
Interest income	3,071,723	173,121	458,674	621	58,153,396	-	61,857,535
Interest expenses	(166,301,267)	(18,270,988)	(84,347,386)	-	(132,907,678)	200,252	(401,627,067)
Asset impairment losses	(21,099,608)	(34,175)	(115,389,417)	-	(22,950)	-	(136,546,150)
Depreciation and amortization expenses	(596,848,697)	(143,796,422)	(270,419,285)	(24,083)	(7,062,572)	-	(1,018,151,059)
Total profit/(loss)	915,309,261	163,147,030	(296,236,904)	(25,076)	(235,891,805)	(1,705,627)	544,596,879
Income tax (expenses)/income	(113,371,067)	(20,814,888)	58,961,350	-	2,836,314	-	(72,388,291)
Net profit/(loss)	<u>801,938,194</u>	<u>142,332,142</u>	<u>(237,275,554)</u>	<u>(25,076)</u>	<u>(233,055,491)</u>	<u>(1,705,627)</u>	<u>472,208,588</u>
Total assets	<u>8,463,669,998</u>	<u>3,209,225,123</u>	<u>4,665,311,805</u>	<u>641,334</u>	<u>2,775,385,924</u>	<u>-</u>	<u>19,114,234,184</u>
Total liabilities	<u>3,064,099,160</u>	<u>831,715,506</u>	<u>1,050,655,995</u>	<u>2,504,400</u>	<u>4,715,826,661</u>	<u>-</u>	<u>9,664,801,722</u>
Increase in non-current assets	<u>358,628,578</u>	<u>170,767,439</u>	<u>67,224,833</u>	<u>-</u>	<u>4,861,828</u>	<u>-</u>	<u>601,482,678</u>

(b) Segment information as at and for the year ended 31 December 2017 is as follows:

	Flat glass	Electronic glass and displays	Solar energy	Others	Unallocated	Elimination	Total
Revenue from external customers	6,954,683,103	873,166,517	3,050,921,865	-	629,261	-	10,879,400,746
Inter-segment revenue	97,227,192	701,963	74,689,369	-	58,058,305	(230,676,829)	-
Interest income	1,152,232	146,973	262,942	608	11,043,530	-	12,606,285
Interest expenses	(153,982,540)	(32,003,353)	(79,797,858)	-	(54,488,918)	5,669,073	(314,603,596)
Asset impairment losses	(20,109,566)	(352,808)	(48,857,162)	-	(80,219)	-	(69,399,755)
Depreciation and amortization expenses	(601,774,748)	(132,769,853)	(261,527,443)	(107,198)	(6,253,032)	-	(1,002,432,274)
Total profit/(loss)	827,335,674	80,463,836	218,437,923	(110,328)	(124,292,481)	(5,527,598)	996,307,026
Income tax (expenses)/income	(118,701,953)	(21,223,939)	(23,950,456)	-	(3,794,643)	-	(167,670,991)
Net profit/(loss)	<u>708,633,721</u>	<u>59,239,897</u>	<u>194,487,467</u>	<u>(110,328)</u>	<u>(128,087,124)</u>	<u>(5,527,598)</u>	<u>828,636,035</u>
Total assets	<u>9,121,982,895</u>	<u>3,032,467,443</u>	<u>4,969,121,408</u>	<u>664,853</u>	<u>2,410,765,769</u>		<u>19,535,002,368</u>
Total liabilities	<u>3,453,100,959</u>	<u>856,548,520</u>	<u>1,640,361,900</u>	<u>2,502,814</u>	<u>4,802,865,064</u>		<u>10,755,379,257</u>
Increase in non-current assets	<u>160,029,169</u>	<u>459,791,787</u>	<u>629,473,708</u>	<u>-</u>	<u>2,875,254</u>		<u>1,252,169,918</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	2018	2017
Mainland	9,151,411,893	9,506,249,433
Hong Kong, PRC	196,186,618	434,551,436
Europe	53,541,882	26,534,686
Asia (other than Mainland and Hong Kong)	1,125,389,041	848,958,711
Australia	39,605,066	37,937,222
North America	31,189,420	6,030,936
Other regions	12,639,091	19,138,322
	<u>10,609,963,011</u>	<u>10,879,400,746</u>
 Total non-current assets	 31 December 2018	 31 December 2017
Mainland	14,033,948,714	14,505,740,522
Hong Kong, PRC	12,647,783	12,798,642
	<u>14,046,596,497</u>	<u>14,518,539,164</u>

No revenue from a single customer exceeded 10% or more of the Group's revenue.

8 Related parties and related party transactions

(1) Information of the parent company

The Company regards no entity as the parent company.

(2) The subsidiaries

The general information and other related information of the subsidiaries are set out in Note 6(1).

(3) The associates

On December 31, 2018, the Company has no joint venture.

(4) Other related parties information

Relationship with the Group

Shenzhen Jushenghua Co.,Ltd. ("Jushenghua")

Persons acting in concert with the first majority shareholder of the Group

Shenzhen Qianhai Ruinan Investment LLP

Controlled by the former key management personnel of the Group

Xinjiang Qianhai United Property & Casualty Insurance

Related parties of group shareholders

(5) Related party transactions

(a) Purchase and sales of goods, provision and receiving of labor

None

(b) Leases

None

(c) Gains on equity transfer

None

(d) Acquisition of equity

None

(e) Advances paid on behalf of related parties

None

(f) Remuneration of key management

2018

2017

Remuneration

23,846,000

12,030,000

(g) Other

Related parties

Related party transactions

2018

2017

Shenzhen Qianhai Ruinan
Investment LLPBuy life insurance for
employees

2,515,064

2,416,456

Xinjiang Qianhai United Property
& Casualty InsuranceBuy car insurance for
employees

481,505

374,076

2,996,569

2,790,532

(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 as at the balance sheet date are as follows:

Related parties	Related party transactions	Restrictive terms on borrowings	2018	2017
Shenzhen Jushenghua Co., Ltd. ("Jushenghua")	Facility of interest-free loans provided for the Company	Nil	2,000,000,000	2,000,000,000

On 22 November 2016, the Company received a letter from its shareholder, Jushenghua, stating that to support the Group's steady operation and development, Jushenghua, as the shareholder of the Company, would like to offer interest-free borrowings with the total amount of RMB2 billion to the Company or through related parties designated by it. For any borrowing drawn, its repayment date is negotiated by the Company and Jushenghua upon withdrawal. When a borrowing is due, if an extension is needed, the Company can apply to the actual lender based on the Company's operation; where the actual lender agrees with the extension application, the term of the borrowing is extended accordingly. The shareholder provided nil interest free loan to the group in 2018.

9 Share Payment

1. Overall situation of share payment

The total number of various equity instruments that have repurchased in the current period	3,319,057 shares
Total amount of various equity instruments that the company exercises during the current period	43,353,050 shares
The total number of equity instruments granted by the company in the current period Restricted shares	9,826,580 shares
The scope of the company's outstanding share options and the remaining duration of the contract at the end of the period	-
The scope of the company's exercise of other equity instruments at the end of the period and the remaining duration of the contract	-

Note: On December 11, 2017, reviewed and approved by the Group's eighth session of the Board of Directors, the Group implemented the 2017 A Share Restricted Stock Incentive Plan. The incentive targets for the restricted shares granted under this plan include company directors and senior management personnel. The total of 454 core management teams, company technology members and main employees. The first grant date of this restricted stock was December 11, 2017. The company granted 97,511,654 restricted shares for the first time to 454 incentive targets. The initial grant price was 4.28RMB per share. Reserved restricted stock ending balance 17,046,869 shares, the grant price has not been determined. The shares granted of the first time has been registered and listed.

By the 2th temporary meeting of shareholders held on 6th August 2018, the company decided to repurchase and cancel the still-restricted shares which have already been granted to and held by 15 recipients no longer qualified for "incentive plan" due to either resignation or position adjustment 3,319,057 shares were repurchased and cancelled. The company has finished above cancellations of the restricted shares by 1st September 2018.

The Company held the 8th temporary meeting of Board member members on December 12, 2018, which reviewed and approved the releasing conditions on the first-time expiring trading restrictions of the initial part of the incentive plan on restricted shares from ordinary A. A total of 431 recipients of the incentive plan were able to fulfil the conditions. The amount of 43,353,050 shares could be released from restrictions.

The Company held the 8th temporary meeting of Board member members on September 13, 2018, which reviewed and approved September 13, 2018 to be the shares granting date and 75 recipients to be granted 9,826,580 restricted shares in total.

This incentive plan is valid for 48 months from the date of grant of the restricted stock to the date of unlocking of all restricted stocks or the completion of repurchase and cancellation. During the unlocking/exercise period, if the unlocking/exercise condition specified in the incentive plan is reached, the restricted stock granted is unlocked in three phases after 12 months from the grant date.

The unlock period is shown in the following table:

Unlock Schedule	Unlock Time	Unlock Ratio
First unlock	from the date of the first transaction 12 months after the award date to the date of the last transaction within 24 months from the grant date.	40%
Second unlock	from the date of the first trading day 24 months after the grant date to the date of the last trading day within 36 months from the grant date	30%
Third unlock	from the date of the first trading day 36 months after the grant date to the day of the last trading day within 48 months from the grant date	30%

2. Equity-settled share payment

Method for Determining the Fair Value of Equity Instruments on the Grant Date	Black-Scholes Model
Determination of the best estimate of the number of vesting equity instruments	Based on the latest information on the change in the number of exercisable rights and the completion of performance indicators, the number of equity instruments that are expected to be exercised is revised.
Reasons for significant differences between current estimates and previous estimates	Not applicable
Cumulative amount of equity-settled share-based payment in capital reserves	152,472,853
Total equity confirmed by equity-settled share-based payment in this period	144,278,158

According to the relevant provisions of Accounting Standards for Business Enterprises No. 11 - Share Payment and Enterprise Accounting Standard No. 22 - Recognition and Measurement of Financial Instruments, the Group uses the Black-Scholes model (BS model) as a pricing model, deducting incentive objects. The fair value of the restricted stock will be used after the lock-in costs that are required to obtain the rational expected return from the sales restriction period are lifted in the future. The Group will, on each balance sheet date of the lock-in period, revise the number of restricted stocks that are expected to be unlikely based on the newly obtained changes in the number of unlockable persons and performance indicators, and follow the fair value of the restricted stock grant date. The services obtained during the current period are included in the relevant costs or expenses and capital reserves.

The Group actually granted restricted stocks of 97,511,654 shares in 2017, and the total fair value of the equity instruments granted to the incentive target for the first day of grant was RMB 289,519,900, the total fair value as the total cost of the company's equity incentive plan will be confirmed in stages according to the unlocking/exercise ratio during the implementation of the equity incentive plan, and will be included in the "management fees and Construction in progress " of each period accordingly.

By the 2th temporary meeting of shareholders held on 6th August 2018, the company decided to repurchase and cancel the still-restricted shares which have already been granted to and held by 15 recipients no longer qualified for "incentive plan" due to either resignation or position adjustment 3,319,057 shares were repurchased and cancelled, The company has finished above cancellations of the restricted shares by 1st September 2018.

The Company held the 8th temporary meeting of Board member members on September 13, 2018 , which reviewed and approved September 13, 2018 to be the shares granting date and 75 recipients to be granted 9,826,580 restricted shares in total.

The Company held the 8th temporary meeting of Board member members on December 12, 2018, which reviewed and approved the releasing conditions on the first- time expiring trading restrictions of the initial part of the incentive plan on restricted shares from ordinary A . A total of 431 recipients of the incentive plan were able to fulfill the conditions. The

amount of 43,353,050 shares could be released from restrictions. The restricted shares was released and listed by company on December 21 2018.

In addition, according to the Group's performance in 2018, the unlocking conditions for the second post lock-up period for the ordinary A restricted shares incentive plan for 2017 In addition, according to the Group's performance in 2018, the unlocking conditions for the second post lock-up period for the restricted shares incentive plan for 2017 and for the second post lock-up period for the restricted shares incentive plan for 2018 were not met. Therefore, by December 31 2018 ,expenses for the second post lock-up period for the ordinary A restricted shares was reduced by RMB 41,856,285.

In 2018, the Group achieved conditions for unlocking restricted stocks. In the current period, the relevant cost sharing amount of the incentive plan was recognized as RMB 144,278,158.

10 Contingencies

Nil.

11 Commitments

(1) Capital commitments

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

	31 December 2018	31 December 2017
Buildings, machinery and equipment	<u>130,748,435</u>	<u>150,418,893</u>

(2) Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarized as follows:

	31 December 2018	31 December 2017
Within 1 year	19,016,297	3,675,748
1 to 2 years	16,993,654	1,914,948
2 to 3 years	16,654,854	1,472,224
Over 3 years	<u>1,093,859</u>	<u>3,443,641</u>
	<u>53,758,664</u>	<u>10,506,561</u>

12 Events after the balance sheet date

Statement of profit distribution after balance sheet date

	Amount
Proposed distribution of cash dividends	<u>143,163,860</u>

Pursuant to the resolution of the board of directors dated April 16, 2019, the board of directors proposed that the company distribute cash dividends of RMB 143,163,860 to all shareholders, which has not yet been recognized as a liability in the financial statements. In addition, the board of directors proposes to use the capital of 2,863,277,201 as the base to transfer 1 shares for every 10 shares to all shareholders in a total of 286,327,720 shares, which has not yet been reclassified as capital in the financial statements.

13 Other significant events

- (1) 171 million special funds for the introduction of talents was follow-up progress.

(a) Matter description

On December 10, 2012, the People's Government of Yichang City and the Company signed the Cooperation Agreement on Fine Glass and Ultrathin Electronic Glass Project ;The management committee of Yichang High-tech Industrial Development Zone agreed to establish a RMB 171 million talent fund as a special fund subsidy for the introduction of talents and the placement of talented people. The company of Yichang CSG Polysilicon Co.Ltd. is responsible for formulating the housing resettlement subsidy program and supervising the use of this special fund.The funds were subsidized by the government to the company, but Yichang CSG Polysilicon Co., Ltd. received this amount and transferred it to Yichang Hongtai Real Estate Co., Ltd. in full amount without proper approval from the company's board of directors and other relevant authorities. (Yichang Hongtai Real Estate Co.,Ltd. is a company jointly indirect controlled by part of the former natural executives of the company. The company has no equity relationship with the company).Yichang CSG Polysilicon Co., Ltd. received the above fund and transferred it to Yichang Hongtai Real Estate Co., Ltd. in full and also handled the accounting treatment according to the collecting and paying. In 2017, Prior period accounting error from above matters was corrected by company.

(b) Subsequent progress

The company learned from bureau of the Shenzhen Economic Crime Investigation in January 2019. According to the criminal clues handed over by the Shenzhen Securities Regulatory Commission and Some suggestions provided by People 's Procuratorate of Shenzhen, then bureau of the Shenzhen Economic Crime Investigation decide and censored that Some of the former senior management (Zeng nan, etc) damaged the interests of listed companies and have taken criminal enforcement measures. By 31 December 2018, the investigation of the case was still in progress.

(c) Receivable talent fund from Yichang Hongtai Real Estate Co., Ltd.

		December 31, 2018		December 31, 2017	
		Book balance	Bad det preparation	Book balance	Bad det preparation
Other receivables	Yichang Hongtai Real Estate Company(i)	171,000,000	(3,420,000)	171,000,000	(3,420,000)

(i)Yichang Hongtai Real Estate Co., Ltd. was no longer associated with the Group since 2018.

14 Financial instrument and risk

The Group's activities expose it to a variety of financial risks: market risk (primarily foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize 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. Some export business, however, is denominated in foreign currencies. In addition, the Group is exposed to foreign exchange risk arising from the recognized assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to US dollars and Hong Kong dollar. 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 2018, book values in RMB equivalent of the Group's assets and liabilities denominated in foreign currencies are summarized below:

	31 December 2018			
	USD	HKD	Others	Total
Financial assets denominated in foreign currency -				
Cash at bank and on hand	81,350,525	1,383,594	1,304,925	84,039,044
Receivables	118,697,795	1,372,872	7,429,706	127,500,373
	<u>200,048,320</u>	<u>2,756,466</u>	<u>8,734,631</u>	<u>211,539,417</u>
Financial liabilities denominated in foreign currency -				
Short-term borrowings	-	65,715,000	-	65,715,000
Payables	56,170,817	269	12,397,080	68,568,166
	<u>56,170,817</u>	<u>65,715,269</u>	<u>12,397,080</u>	<u>134,283,166</u>
	31 December 2017			
	USD	HKD	Others	Total
Financial assets denominated in foreign currency -				
Cash at bank and on hand	74,120,750	6,114,383	112,007	80,347,140
Receivables	127,354,518	9,654,366	7,387,101	144,395,985
	<u>201,475,268</u>	<u>15,768,749</u>	<u>7,499,108</u>	<u>224,743,125</u>
Financial liabilities denominated in foreign currency -				
Short-term borrowings	-	62,692,500	-	62,692,500
Payables	104,040,185	257	36,939,407	140,979,849
	<u>104,040,185</u>	<u>62,692,757</u>	<u>36,939,407</u>	<u>203,672,349</u>

As at 31 December 2018, 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 RMB12,229,588 lower/higher (31 December 2017: approximately RMB8,281,982 lower/higher) for various financial assets and liabilities denominated in USD.

As at 31 December 2018, if the currency had strengthened/weakened by 10% against the HKD while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB5,351,498 higher/lower (31 December 2017: approximately RMB3,988,541 higher/lower) for various financial assets and liabilities denominated in HKD.

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 debts 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 2018, the Group's long-term interest-bearing debts at and fixed rates and floating rates are illustrated below:

	31 December 2018	31 December 2017
Debt at fixed rates	2,258,325,000	1,425,000,000
Debt at floating rates	57,375,000	129,120,000
	<u>2,315,700,000</u>	<u>1,554,120,000</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.

(2) Credit risk

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

The Group expects that there is no significant credit risk associated with cash at bank since they are mainly 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, 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 2018, the Group had net current liabilities of approximately RMB1.267 billion and committed capital expenditures of approximately RMB0.131 billion. 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;
- (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 analyzed by their maturity date below at their undiscounted contractual cash flows:

	31 December 2018				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	2,991,136,478	-	-	-	2,991,136,478
Notes payable/Accounts payable	1,315,009,263	-	-	-	1,315,009,263
Other payables	552,751,187	-	-	-	552,751,187
Other current liabilities	300,000	-	-	-	300,000
Current portion of non-Current liabilities	821,135,376	-	-	-	821,135,376

Long-term payables	-	529,910,796	-	-	529,910,796
Long-term borrowings	134,337,188	1,403,773,698	1,044,119,211	-	2,582,230,097
	5,814,669,492	1,933,684,494	1,044,119,211	-	8,792,473,197
31 December 2017					
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	3,810,013,826	-	-	-	3,810,013,826
Notes payable/Accounts payable	1,613,567,664	-	-	-	1,613,567,664
Other payables	653,357,094	-	-	-	653,357,094
Other current liabilities	300,000	-	-	-	300,000
Current portion of non-current liabilities	911,348,902	-	-	-	911,348,902
Long-term payables	-	600,436,759	561,357,488	-	1,161,794,247
Long-term borrowings	80,169,450	117,889,436	1,580,649,809	-	1,778,708,695
	7,068,756,936	718,326,195	2,142,007,297	-	9,929,090,428

15 Fair value estimates

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 or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(a) Financial instruments measured at fair value

As of 31 December 2018, the group has no assets measured at fair value.

(b) Financial instruments not measured but disclosed at fair value

The group's financial assets and financial liabilities measured at amortized cost mainly include: accounts receivable, short-term borrowings, accounts payable, long term borrowings, bonds payable, long-term payables, etc.

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

	31 December 2018		31 December 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Medium term notes	2,000,000,000	2,028,614,800	1,200,000,000	1,171,444,800
	2,000,000,000	2,028,614,800	1,200,000,000	1,171,444,800

The fair values of medium-term notes are the present value of the contractually determined stream of future cash flows at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows on the same terms, there into medium term notes belong to Level 2.

16 Capital management

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern 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 is not subject to external mandatory capital requirements, and monitors capital on the basis of gearing ratio.

As at 31 December 2018 and 31 December 2017, the Group's gearing ratio is as follows:

	31 December 2018	31 December 2017
Total liabilities	9,664,801,722	10,755,379,257
Total assets	19,114,234,184	19,535,002,368
Gearing ratio	51%	55%

17 Notes to the Company's financial statements

(1) Other receivables

	31 December 2018	31 December 2017
Receivables from related parties	2,739,449,549	2,399,392,648
Others	176,598,669	4,451,192
	2,916,048,218	2,403,843,840
Less: Provision for bad debts	(3,531,973)	(3,509,024)
	2,912,516,245	2,400,334,816

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

	31 December 2018	31 December 2017
Within 1 year	2,744,831,250	2,232,668,334
Over 1 year	171,216,968	171,175,506
	2,916,048,218	2,403,843,840

As at 31 December 2018, the Company had no overdue but not impaired other receivables (31 December 2017: Nil).

(b) Other receivables are analysed by categories as follows:

31 December 2018				31 December 2017			
Carrying amount		Provision for bad debts		Carrying amount		Provision for bad debts	
Amount	% of total balance	Provision for bad debts	%	Amount	% of total balance	Provision for bad debts	%

Provision for bad debts by groupings

- Group 1	176,598,669	6%	(3,531,973)	2%	4,451,192	-	(89,024)	2%
- Group 2	2,739,449,549	94%	-	-	2,399,392,648	100%	(3,420,000)	-
	<u>2,916,048,218</u>	<u>100%</u>	<u>(3,531,973)</u>	<u>-</u>	<u>2,403,843,840</u>	<u>100%</u>	<u>(3,509,024)</u>	<u>-</u>

(c) Or other receivables provided for bad debts by portfolio, the percentage of provision for the portfolio is as follows:

	31 December 2018			31 December 2017		
	Carrying amount	Provision for bad debts		Carrying amount	Provision for bad debts	
	Amount	Amount	%	Amount	Amount	%
Portfolio 1	176,598,669	(3,531,973)	2%	4,451,192	(89,024)	2%
Portfolio 2	<u>2,739,449,549</u>	<u>-</u>	<u>-</u>	<u>2,399,392,648</u>	<u>(3,420,000)</u>	<u>-</u>
	<u>2,916,048,218</u>	<u>(3,531,973)</u>	<u>-</u>	<u>2,403,843,840</u>	<u>(3,509,024)</u>	<u>-</u>

(d) As at 31 December 2018, the Group's top five entities with the largest other receivables balances are summarised as below:

	Relationship with the Group	Amount	Ageing	% of total balance
Yichang CSG Polysilicon	Subsidiary	1,640,114,921	Within 1 year	56%
Yichang CSG Display	Subsidiary	294,484,589	Within 1 year	10%
Qingyuan CSG Energy-Saving	Subsidiary	192,435,333	Within 1 year	7%
Yichang Hongtai Real Estate Co. Ltd.	Independent third party	171,000,000	4 to 5 years	6%
Shenzhen CSG PV Energy Co., Ltd.	Subsidiary	137,714,602	Within 1 year	5%
		<u>2,435,749,445</u>		<u>84%</u>

(2) Long-term equity investments

	31 December 2018	31 December 2017
Subsidiaries (a)	4,979,696,831	4,810,987,652
Less: Impairment provision for investments in subsidiaries (a)	<u>(15,000,000)</u>	<u>(15,000,000)</u>
	<u>4,964,696,831</u>	<u>4,795,987,652</u>

(a) Subsidiaries

	Movement in current year				31 December 2018	Provision for impairment loss	Cash dividends declared in current year
	31 December 2017	Additional investment	Decrease in investment	Provision for impairment loss			
	(i)				(i)		
Chengdu CSG	146,977,347	5,399,177	-	-	152,376,524	-	109,907,648
Sichuan CSG Energy Conservation	115,546,714	4,507,100	-	-	120,053,814	-	-
Tianjin Energy Conservation	243,191,428	5,357,457	-	-	248,548,885	-	-
Dongguan CSG Engineering	193,916,049	5,296,789	-	-	199,212,838	-	-
Dongguan CSG Solar	349,801,154	6,439,022	-	-	356,240,176	-	77,182,596
Yichang CSG Polysilicon	633,464,168	8,947,932	-	-	642,412,100	-	-
Wujiang CSG Engineering	251,516,189	3,525,424	-	-	255,041,613	-	-
Hebei CSG	262,265,341	4,788,173	-	-	267,053,514	-	-
China Southern Glass (Hong Kong) Limited	85,802,602	1,130,027	-	-	86,932,629	-	-
Wujiang CSG	562,527,754	6,221,992	-	-	568,749,746	-	-
Hebei Shichuang	243,271,470	3,779,667	-	-	247,051,137	-	-
Jiangyou CSG Mining Development Co. Ltd.	100,837,599	1,928,053	-	-	102,765,652	-	-
Xianning CSG	177,295,494	4,614,617	-	-	181,910,111	-	-
Xianning CSG Energy-Saving	161,543,844	4,755,349	-	-	166,299,193	-	44,447,363
Qingyuan CSG Energy-Saving	300,376,848	3,484,710	-	-	303,861,558	-	-
Shenzhen CSG Financial Leasing Co., Ltd.	133,500,000	-	-	-	133,500,000	-	-
Shenzhen CSG PV Energy Co., Ltd.	100,052,985	309,562	-	-	100,362,547	-	-
Shenzhen CSG Display	542,691,888	9,825,410	-	-	552,517,298	-	-
Xianning CSG Photoelectric	38,470,534	52,000,967	-	-	90,471,501	-	-
Others (ii)	167,938,244	36,397,751	-	-	204,335,995	(15,000,000)	-
	4,810,987,652	168,709,179	-	-	4,979,696,831	(15,000,000)	231,537,607

- (i) As at 31 December 2018, included in the investments in subsidiaries were deemed investment costs of RMB 211,291,520 (31 December 2017: RMB 114,582,341), 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.
- (ii) The operations of the subsidiaries against which provision was made were basically ceased. The Company made provision against the long-term investment in these subsidiaries based on their recoverable amounts in previous years.
- (3) Long-term receivables

	31 December 2018	31 December 2017
Bonds payable and long-term borrowings allocated to subsidiaries	1,200,000,000	1,200,000,000
	1,200,000,000	1,200,000,000
Less: Provisions for impairment		-
	1,200,000,000	1,200,000,000

	31 December 2017	Movements in current year	31 December 2018	Provision for impairment loss	Reversals of provision for impairment loss in current year
Chengdu CSG	50,000,000	-	50,000,000	-	-
Sichuan CSG Energy Conservation	20,000,000	-	20,000,000	-	-
Dongguan CSG PV-tech	50,000,000	-	50,000,000	-	-
Yichang CSG Polysilicon	350,000,000	-	350,000,000	-	-
Dongguan CSG Engineering	75,000,000	-	75,000,000	-	-
Wujiang CSG	210,000,000	-	210,000,000	-	-
Dongguan CSG Solar	120,000,000	-	120,000,000	-	-
Wujiang CSG Engineering	50,000,000	-	50,000,000	-	-
Qingyuan CSG Energy-Saving	50,000,000	-	50,000,000	-	-
Xianning CSG Energy-Saving	80,000,000	-	80,000,000	-	-
Xianning CSG	75,000,000	-	75,000,000	-	-
Hebei CSG	50,000,000	-	50,000,000	-	-
Hebei shichuang	20,000,000	-	20,000,000	-	-
	1,200,000,000	-	1,200,000,000	-	-

(4) Other payables

	31 December 2018	31 December 2017
Interest payable	41,572,125	3,090,735
Dividend payable	2,846,362	-
Other payables	1,624,168,731	909,432,991
	<u>1,668,587,218</u>	<u>912,523,726</u>

1. Interest payable

	31 December 2018	31 December 2017
Interest payable for medium term notes	37,644,444	-
Interest payable for short-term borrowings	3,927,681	3,090,735
	<u>41,572,125</u>	<u>3,090,735</u>

2. Dividend payable

	31 December 2018	31 December 2017
Restricted share dividend payable	2,846,362	-
	<u>2,846,362</u>	<u>-</u>

3. Other payables

	31 December 2018	31 December 2017
Subsidiaries	1,339,762,543	477,067,694
Share repurchase	275,748,309	417,349,879
Others	8,657,879	15,015,418
	<u>1,624,168,731</u>	<u>909,432,991</u>

(5) Investment income

	2018	2017
Investment income from long-term equity investment under cost method	231,537,607	436,068,825
	<u>231,537,607</u>	<u>436,068,825</u>

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

I Statement of non-recurring gains and losses

	2018	2017
Gains or losses on disposal of non-current assets	454,368	1,768,993
Government grants recognized in profit or loss for current period	(94,835,539)	(87,875,417)
Investment losses from disposal of financial liabilities at fair value through profit or loss	-	(427,636)
Income from external entrusted loans	(534,591)	-
Non-operating income and expenses other than aforesaid items	(12,099,680)	(12,076,848)
	<u>(107,015,442)</u>	<u>(98,610,908)</u>
Effect of income tax	16,483,870	16,209,135
Effect of minority interests (after tax)	5,145,472	2,386,569
Total non-recurring gains and losses	<u>(85,386,100)</u>	<u>(80,015,204)</u>

(1) Basis for preparation of statement of non-recurring gains and losses

Under the requirements in *Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public – Non-recurring Profit or Loss [2008]* from CSRC, non-recurring profit or loss refer to those arises from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.

II Return on net assets and earnings per share

	Weighted average return on		Earnings per share			
	net assets (%)		Basic earnings per share		Diluted earnings per share	
	2018	2017	2018	2017	2018	2017
Net profit attributable to ordinary shareholders of the Company	5.16%	10.15%	0.16	0.30	0.16	0.29
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	4.19%	9.16%	0.13	0.27	0.13	0.26

Section X. Documents Available for Reference

- I. Text of the financial report carrying the signatures and seals of the legal representative, responsible person in charge of accounting and person in charge of financial institution;
- II. Original of the Auditors' Report carrying the seal of Asia Pacific (Group) CPAs (special general partnership) and the signatures and seals of the certified public accountants;
- III. All texts of the Company's documents and original public notices disclosed in the website and papers appointed by CSRC in the report period.
- IV. The reports which published in the other stock market.

**Board of Directors of
CSG Holding Co., Ltd.
17 April 2019**