

**CSG HOLDING CO., LTD.**  
**ANNUAL REPORT 2020**



**Chairman of the Board:**

**CHEN LIN**

**April 2021**

## 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 individual and joint legal responsibilities 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 Annual Report 2020 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.

The future plans, development strategies and other forward-looking statements mentioned in this report do not constitute a material commitment of the Company to investors. Investors and relevant parties should pay attention to investment risks, and understand the differences between plans, forecasts and commitments.

The Company has described the risk factors and countermeasures of the Company's future development in detail in this report. Please refer to Section IV. Business Discussion and Analysis.

The Company shall comply with the disclosure requirements of "Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 13 - Listed Companies Engaged in Non-Metal Building Materials Related Business".

The deliberated and approved plan of profit distribution in the Board Meeting is distributing cash dividend of RMB 1 yuan (tax included) for every 10 shares to all shareholders based on 3,070,692,107 shares of the total current share capital. The actual amount of the cash dividend distributed will be determined according to the total share capital on the registration date of the Company's implementation of the profit distribution plan.

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

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## Paraphrase

Items	Refers to	Contents
Company, the Company, CSG or the Group	Refers to	CSG Holding Co., Ltd.
Foresea Life	Refers to	Foresea Life Insurance Co., Ltd.
Flat glass	Refers to	Including float glass, photovoltaic glass
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 glass

## 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 <sup>th</sup> Industrial Road, Shekou, Shenzhen, P. R.C.		
Post Code	518067		
Office Add.	CSG Building, No.1, the 6 <sup>th</sup> Industrial Road, Shekou, Shenzhen, P. R.C.		
Post Code	518067		
Internet website	<a href="http://www.csgholding.com">www.csgholding.com</a>		
E-mail	<a href="mailto:securities@csgholding.com">securities@csgholding.com</a>		

### II. Person/Way to contact

	Secretary of the Board	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
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E-mail	<a href="mailto:securities@csgholding.com">securities@csgholding.com</a>	<a href="mailto:securities@csgholding.com">securities@csgholding.com</a>

### 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	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
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
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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	2001, 20th Floor, Building 3, No. 16, Lize Road, Fengtai District, Beijing
Signing Accountants	Zhou Xianhong, Sun Weijie

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

	2020	2019	Changes over last year	2018
Operating income (RMB)	10,671,253,445	10,472,028,099	1.90%	10,609,963,011
Net profit attributable to shareholders of the listed company (RMB)	779,325,592	536,430,818	45.28%	452,965,935
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	539,976,457	374,386,216	44.23%	367,579,835
Net cash flow arising from operating activities (RMB)	2,730,619,636	2,379,036,320	14.78%	2,130,378,100
Basic earnings per share (RMB/Share)	0.25	0.17	47.06%	0.15
Diluted earnings per share (RMB/Share)	0.25	0.17	47.06%	0.14
Weighted average ROE (%)	7.91%	5.77%	2.14%	5.16%
	As at 31 Dec. 2020	As at 31 Dec. 2019	Changes over the end of last year	As at 31 Dec. 2018
Total assets (RMB)	17,882,914,898	18,201,235,959	-1.75%	19,114,234,184
Net assets attributable to shareholders of the listed company (RMB)	10,212,989,847	9,495,588,878	7.56%	9,103,154,571

The total share capital of the company as of the previous trading day of disclosure (share)	3,070,692,107
Fully diluted earnings per share calculated with latest share equity (RMB/share)	0.25

## 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 foreign accounting data

Applicable  Not applicable

## VIII. Main financial indexes by quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating income	1,733,965,637	2,690,255,712	3,044,056,708	3,202,975,388
Net profit attributable to shareholders of the listed company	111,278,288	280,188,435	335,353,516	52,505,353
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	101,805,077	256,839,220	313,760,171	-132,428,011
Net cash flow arising from operating activities	-11,126,768	790,771,157	893,477,970	1,057,497,277

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	2020	2019	2018	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-1,158,984	-909,968	-454,368	
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)	99,660,400	184,131,420	94,835,539	
In addition to the normal business of the company effective hedging related business, tradable financial assets, derivative financial assets, tradable financial liabilities, changes in the fair value of the derivative financial liabilities to generate profits and losses, as well as the disposal of tradable financial assets, derivative financial assets, tradable financial liabilities, derivative financial liabilities and other creditor's rights investment returns.	2,654,504			
Loss and profit from external entrusted loan	5,546,384	11,894,654	534,591	
Profits and losses arising from changes in the fair value of investment real estate that are subsequently measured using the fair value model	179,911,200			
Other non-operating income and expenditure except for the aforementioned items	-6,284,556	-1,612,253	12,099,680	
Less: Impact on income tax	38,334,180	25,951,263	16,483,870	
Impact on minority shareholders' equity (post-tax)	2,645,633	5,507,988	5,145,472	
Total	239,349,135	162,044,602	85,386,100	--

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, 2 solar glass production lines and 12 solar glass deep processing production lines in Dongguan, Chengdu, Langfang, Wujiang, Xianning, and also has quartz sand raw material processing and production bases in Sichuan Jiangyou and Guangdong Qingyuan. The annual capacity of various high-grade float glass has reached more than 2.47 million tons and the annual capacity of solar glass has reached over 0.43 million tons. The float glass products cover high-grade float glass and ultra-clear float glass with various thicknesses from 1.3mm to 25mm, and the performance of the products all reach the leading level in China. Solar glass has a capacity of 60 million square per year of deep processing, the products of which cover a variety of thickness of 2-4mm deep processing products. Combining the rapid increase in the penetration rate of dual-glass modules and the Company's future development needs, the Company was building a total of three lightweight and high-efficiency double-glass processing production lines in Wujiang and Dongguan, adding 36 million square meters of photovoltaic glass processing capacity, which is expected to be put into operation in 2021. To make up for the shortcomings of the Group's photovoltaic glass business capacity and large-scale layout, the Company signed an investment agreement with the Fengyang County Government of Anhui Province to build a manufacturing base of lightweight and high-permeability panels for solar energy equipment, which contains the construction of four photovoltaic glass production lines and supporting processing lines with a daily melting capacity of 1,200 tons per line. At present, the construction of the project is progressing smoothly as planned. In addition, with the approval of the Board of Directors, the Group was going to build a photovoltaic glass production line and supporting processing lines with a daily melting capacity of 1,200 tons in Xianning base.

The glass of CSG is widely used in high-end architectural curtain walls, decoration and furniture, reflective mirror, automotive windshield, scanner and photocopier transparent panel, home appliance panel, display devices protection and solar energy field. The Company's products are sold all over the world, and it has established long-term, stable business cooperation with many well-known processing enterprises.

In order to overcome the adverse impact of the "epidemic" on production and operation, the Company vigorously promotes R&D innovation and upgrade and transformation business strategies, and continuously improves the profitability of the flat glass business by implementing differentiated competitive strategies. In 2021, the Company will focus on strengthening the development of the high-end ultra-white glass market and increase the proportion of differentiated product sales; the photovoltaic glass business will accelerate the technological transformation and upgrading of the production line to increase production capacity of 1.6-2.5mm double-glass thin glass and photovoltaic glazed backpanel glass; on the market side, to strengthen strategic cooperation with industry-leading companies to ensure stable sales; to further increase in high-end market share and establish long-term strategic partnerships with industry-leading companies will further enhance the market competitiveness of CSG flat glass .

## Architectural glass industry

CSG Group is one of the largest suppliers of high-grade engineering and architectural glass in China. It has built five energy-saving glass processing bases in Tianjin, Dongguan, Xianning, Wujiang and Chengdu. In order to better serve the construction needs of Beijing Tianjin Hebei, Yangtze River Delta, Guangdong, Hong Kong and Macao megalopolis, the Board of Directors of the Group successively approved the construction of Zhaoqing architectural glass base, Wujiang architectural glass intelligent factory and Tianjin architectural glass expansion project in 2020. The above projects will be put into operation gradually from the third quarter of this year, which will further strengthen the competition and service capabilities of the Group's architectural glass business in the main battlefield of urban construction, and it will accumulate valuable experience for the construction and operation of CSG's new-generation architectural glass processing base in the era of intelligent manufacturing. At the same time, in line with the trend of urban construction extending to the mainland in depth, the Group has paid close attention to the layout of architectural glass production capacity in the emerging central city group in the mainland. The Board of Directors of the Group has approved the construction of a new architectural glass base in Xi'an, and further seeks to lay out a class I or class II architectural glass processing base suitable for its scale and demand in areas with similar conditions. In 2017, CSG low-E coated glass was awarded the title of Single Champion Product by the Ministry of Industry and Information Technology, and it passed the review again in 2020, which fully proves the leading position of CSG architectural glass in the industry.

The Company has the world's leading glass deep processing equipment and testing equipment, and its products cover all kinds of engineering and construction glass. The Company's R&D and application of glass coating technology keep space with the world and its technology of high-end product even leads the world. 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. The domestic high-end market share of high-quality energy-saving and environment-friendly LOW-E insulating glass far exceeds that of competitors. At present, the Company's coated insulating glass and coated glass have reached annual capacity of more than 16.00 million square meters and 36.00 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, Shanghai Oriental Fisherman's Wharf, China Resources Headquarters Building, Shenzhen KingKey100 Building, Hong Kong-Zhuhai-Macao Bridge Zhuhai port, Hangzhou Yintai Plaza, Xiamen Yinglan International Financial Center, Gongga Airport in Lhasa, Zhuhai Jinwan Aviation City HUAF International Business Center, Beijing Dongzhimen Transportation Hub, Hangzhou Xiaoshan International Airport, Zhuhai International Convention and Exhibition Center Phase 2 Ping An Financial Center of China, National Convention Center, Beijing Deputy Administrative Center, Beijing Daxing International Airport, Hangzhou Hampton and other more than ten Hilton Hotels, Hong Kong Four Seasons Hotel, Melbourne Airport, Midtown, International Centre of Abu Dhabi, Egypt's new capital CBD, Korea LCT and Metropolis Phase 2B.

## Electronic glass and display industry

In 2020, the Company's electronic glass business continued to develop. Its four subsidiaries, Hebei Panel, Yichang Photoelectric, Qingyuan New Energy-Saving Materials and Xianning Photoelectric continued to actively implement product upgrading and market upgrading in the application fields of intelligent electronic terminals, touch components,

vehicle mounted display, industrial control and commercial display, military security and smart home, so that the market share and brand effect of the Company's medium and high aluminum electronic glass products could improve greatly. Rich product structure, reliable delivery guarantee and strong technical innovation help the Company's electronic glass business maintain its dominant position in the fierce market competition. In 2020, the subsidiary company Xianning CSG Photoelectric Glass Co., Ltd. realized batch sales of second-generation high aluminum electronic glass, and some performance indicators of the products have reached the international advanced level, which can meet the higher standard requirements of downstream end customers for basic materials in 3D curved surface technology, 5G communication solutions and other fields. The successful development of the product marks the promotion of the competitiveness of CSG's electronic glass business in the high-end application market. Based on the current products, the Company has laid out the research and development of the next generation electronic glass products, the third-generation high-aluminum products have been successfully developed in the laboratory, and their performance can be fully benchmarked against the new generation of competitive products of international brands, which will further enhance the competitive advantages of electronic glass products in the future. In addition, the second phase of the Qingyuan CSG project "One Kiln and Two Lines" was transferred to commercial operation in December 2020. This project is CSG's key measure to actively implement the country's advocacy of achieving leapfrog development by industrial transformation and upgrading. It effectively enhances the overall profitability of electronic glass while further consolidating and strengthening CSG's competitive advantage in the domestic electronic glass field. In 2020, CSG's ultra-thin electronic glass was awarded the title of Single Champion Product by the Ministry of Industry and Information Technology for the first time, fully demonstrating the Company's brand influence and product strength in the electronic glass field. In March 2021, in order to strengthen the Company's high-end market competitiveness in the field of ultra-thin electronic glass for touch applications, the Company's Board of Directors approved Hebei Panel Glass to invest in a new ultra-thin electronic glass production line with a daily melting capacity of 110 tons and a supporting R&D center. After the completion of the above-mentioned projects, CSG Electronic Glass will achieve comprehensive coverage of electronic glass products from the third generation of high aluminum to medium-aluminum, soda-calcium, and from high to middle and low-end electronic glass products, forming a more solid foundation for market competition. CSG has long been committed to becoming the industry's leading electronic glass material solution provider, and it will continue to develop glass-based protective materials with higher strength and competitiveness in the field of touch display, develop human-computer interaction interface materials meeting the requirements of material interconnection in the fields of smart home, vehicle display and advanced medical, and develop revolutionary alternative materials in the fields of transportation and security.

CSG has been engaged in the field of touch display since 2000, and now it has formed a complete touch industry chain from vacuum magnetron sputtering coating, fine pattern lithography processing, to touch display modules. Its main business includes ITO conductive glass, ITO conductive film, touch sensor and module. Among them, ITO conductive glass and ITO conductive film, as the traditional business of the Company, are positioned at the middle and high-end customers at home and abroad. In 2020, the Company's ITO glass market had adequate orders, and both the production and sales volume hit a record high, which created a good operating performance for the Company. In recent years, the Company has focused on the layout of automotive business, and passed IATF16949 quality management system certification, its main business covers core products such as automotive AG glass, automotive multifunctional composite cover, automotive TP-Sensor which are widely used in automotive intelligent terminals such as automotive central control screens, automotive rearview mirrors, automotive entertainment systems, etc. In 2020, the Company's vehicle business developed well, and its production and sales grew steadily. CSG has become a brand supplier of electronic application materials in the display touch industry, which can provide customers with all-round one-stop touch screen material solutions. In the future, the Company will continue to optimize the layout in the vehicle field,

further build the high-end manufacturing industry chain of vehicle touch display, and become a high-quality component supplier in the field of automotive electronics.

### Solar energy and other industries

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, 1GW/year of solar cell, and 0.4GW/year of modules, and holds 130MW photovoltaic power station. Under the background of the era of grid parity, in order to meet the market's demand for low-cost silicon materials, the Company has taken the initiative to upgrade polysilicon parking technology and promote industrial upgrading through technological upgrades. Although the market demand for polycrystalline silicon wafers has dropped significantly, the Company continues to maintain R&D investment in polycrystalline ingot technology and insists on using high-quality raw materials to keep the quality of polycrystalline silicon wafers at the leading level in the industry for a long time. The Company has completed the upgrade and transformation of PERC battery module technology, and the battery quality has reached the advanced level in the industry.

In order to respond to the epidemic and fulfill its social responsibility, during the critical period of the epidemic, the Company invested and established Shenzhen CSG Medical Technology Co., Ltd., which produced masks, and took the initiative to undertake the production task of materials reserved by Shenzhen Government for epidemic prevention and control. At the same time, the Company made use of the existing cell workshop purification workshop and PV cell beat-type production and environmental purification production experience of Dongguan PV-tech Co., Ltd. to produce anti-epidemic materials such as masks to meet the urgent market demand for protective materials and achieved good social and economic benefits.

## II. Major changes in main assets

### 1. Details of major changes in main assets

Main assets	Note of major changes
Equity assets	No major changes
Fixed assets	No major changes
Intangible assets	No major changes
Construction in progress	No major changes
Short term Loans	Part of the loan was repaid during the report period.
Long term Loans	During the report period, the medium-term notes were reclassified to non-current liabilities due within one year 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. For example in glass industry, the Company has set up the industry chain as quartz sand → high quality float glass → architectural energy-saving glass. With continuous 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.
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

In 2020, the epidemic swept the world, bringing unprecedented shocks to the domestic economy and the world's economic development. The epidemic has led to a severe contraction of international trade, the world economy has experienced another severe recession since the financial crisis, and the domestic economy is facing a significant increase in unstable and uncertain factors. Sino-US frictions have also escalated and spread from the economic and trade level to other levels, and the international trade environment has become tense. However, with the timely formulation of the Party Central Committee's guidelines and policies for epidemic prevention and control and the effective implementation of various regions and departments, the epidemic has been effectively controlled. The new development paradigm of "Dual Circulation", which allows the domestic and overseas markets to reinforce each other with the domestic market as the mainstay, is accelerating to form and the domestic economic recovery continues to improve.

According to data released by the National Bureau of Statistics, in 2020, the overall performance of China's national economy was stable and the quality of development was steadily improved. China's GDP reached RMB 101.60 trillion, a year-on-year increase of 2.3%, and fixed asset investment (excluding rural households) RMB 51.89 trillion, a year-on-year increase of 2.9%, real estate development investment was RMB 14.14 trillion, a year-on-year increase of 7.0%, and infrastructure investment increased by 0.9%. In 2020, the cumulative output of flat glass was 946 million weight boxes, a year-on-year increase of 1.3%.

"Glass For World, CSG From China", facing the severe economic environment, competitive pressures and the challenges posed by the epidemic, under the correct leadership of the Board of Directors, CSG aims to be a world-class enterprise and firmly follows the path of high-quality development, sticking to the right path and making innovations, focusing on its core business, glass business, to make the enterprise greater, preciser, and stronger, exercising the internal works, forging the strengths and making up for the weaknesses, sharpening the competitive edge, systematically improving comprehensive operational capabilities, and the group management and operation collectivization capabilities is being significantly improved. The Group's annual operating performance achieved a substantial year-on-year growth. During the report period, the Company achieved operating income of RMB10.671 billion, a year-on-year increase of 1.90%. Based on prudent and moderate business principle, the Company accumulatively accrued asset impairment reserves of approximately RMB746 million during the report period. After asset impairment, the Company still achieved net profit of RMB 812 million in 2020, with a year-on-year increase of 44.88%; and net profit attributable to the parent company of RMB 779 million, with a year-on-year increase of 45.28%.

#### **I. Operation of each industry of the Group**

In 2020, the Company's three pieces of glass (float glass, photovoltaic glass and electronic glass) and one brand (architectural glass), four pieces of glass, were fleetly developed. The main business of glass achieved the best performance in the history of the Group. The total net profit of the four pieces of glass was RMB 1.65 billion. Among them, the total operating revenue of float glass, photovoltaic glass and architectural glass was RMB 8.71 billion, with a year-on-year increase of RMB 730 million or 9%; the net profit was RMB 1.488 billion, with a year-on-year increase of RMB 553 million or 59%.

In recent years, the Group has designed differentiated business strategies based on the characteristics of various businesses and the market environment. In 2020, the effects of these strategic adjustments gradually appeared and fruitful results were achieved, including:

**Float Glass** focusing on the new demands brought about by the continuous improvement of building energy conservation, visual effects and safety, the Company lays out arrangements ahead of schedule and firmly follows the route of high-end differentiated products: the production capacity of ultra-white glass is significantly increased, and the high-end series of CSG ultra-white "Blue Diamond" are created and the brand become a leader in subdivision of the industry; through kiln line design, process setting adjustments, and transformation of some production equipment, the Company has greatly improved the yield of ultra-thin and ultra-thick differentiated products with difficult production process and high value-added. The proportion of differentiated products increase significantly, and market share of high grade float glass enjoys continued leadership in subdivision; utilizing cooperation experience with First Solar in using ultra-thin float glass as the packaging material for thin-film photovoltaic modules, being the first to make a breakthrough this year by converting ultra-thin and ultra-white float glass into backpanel packaging materials for crystalline silicon double-glass module which opens up new profit growth points. In 2020, another batch of national key projects used CSG ultra-white float glass original sheets represented by international image projects such as Daxing International Airport, Winter Olympic Stadium, Hong Kong-Zhuhai-Macao Bridge Border Inspection Building, etc., which fully demonstrated CSG products Quality and technological accumulation. In 2020, the float glass business revenue increased by 5% compared with the same period last year, and the net profit increased by 76%.

**Photovoltaic Glass** focuses on the increasing trend of double-glass module penetration rate. A few years ago, the Company took the lead in researching the production process, processing technology and equipment of ultra-thin photovoltaic glass below 2mm. The production capacity, quality and comprehensive manufacturing yield rate of ultra-thin photovoltaic glass below 2mm have a leading position in the industry. In 2020, the global photovoltaic installation speed increased, the penetration rate of double-glass modules increased significantly compared with the previous year, and the insufficient market supply greatly enhanced the profitability of the photovoltaic glass business. Compared with the same period last year, the revenue of photovoltaic glass business increased by 20%, and the net profit increased by 137%. At the same time, in order to make up for the shortcomings of photovoltaic glass business capacity and large-scale layout, the Group took this window of opportunity. In March, the tensest month of epidemic prevention and control, the Company signed an investment agreement with the Fengyang county government of Anhui to build manufacturing base project of lightweight and high-permeability panels for solar energy equipment, applied for non-public issuance of A shares to raise construction funds at the same time, and quickly obtained the approval of CSRC, which enabled the Company to take the lead in a new round of capacity expansion of domestic photovoltaic glass. The construction of 4 photovoltaic glass production lines and supporting processing lines with a daily melting capacity of 1,200 tons per line will enhance the Group's competitive advantage in this subdivision. At present, the construction of the project is progressing smoothly as planned. In addition, with the approval of the Board of Directors, the Group was going to build a photovoltaic glass production line and supporting processing lines with a daily melting capacity of 1,200 tons at Xianning base; a total of three photovoltaic glass processing lines were built at Wujiang base and Dongguan base, further adding 36 million square meters of photovoltaic glass processing capacity. Under the background of the era of CO<sub>2</sub> emissions peak and carbon neutrality, the photovoltaic glass business will become the new champion business of CSG.

**Architectural glass** is the golden brand of CSG, and it has formed quality, service and continuous research and development capabilities that match the brand. Focusing on the Country's improvement of building energy-saving standards and high-rise building safety standards during the 13th Five-Year Plan period, it strengthens brand building and adheres to the customized business strategy of trinity of technical service, marketing and R&D and manufacturing, relying on CSG's manufacturing and R&D strength to improve order quality, intensifies the market promotion of complex composite products and high-end energy-saving glass products, and consolidates and expands market share. To promote equipment production efficiency by improving the automation and information level of production lines, and reduce production costs, material consumption, and energy consumption with technological advancement and

process optimization. In 2020, under the influence of multiple unfavorable factors such as the sharp increase in the overall price of float glass and the delay of downstream project progress caused by the epidemic, the architectural glass business still achieved double growth in operating income and net profit, with year-on-year revenue growth of 9% and net profit growth of 9%. In 2017, CSG low-E coated glass was awarded the title of Single Champion Product by the Ministry of Industry and Information Technology, and it passed the review again in 2020, which fully proves the leading position of CSG architectural glass in the industry. In order to better serve the construction needs of Beijing Tianjin Hebei, Yangtze River Delta, Guangdong, Hong Kong and Macao megalopolis, the Board of Directors of the Group successively approved the construction of Zhaoqing architectural glass base, Wujiang architectural glass intelligent factory and Tianjin architectural glass expansion project in 2020. The above projects will be put into operation gradually from the third quarter of this year, which will further strengthen the competition and service capabilities of the Group's architectural glass business in the main battlefield of urban construction, and it will accumulate valuable experience for the construction and operation of CSG's new-generation architectural glass production base in the era of intelligent manufacturing. At the same time, in line with the trend of urban construction extending to the mainland in depth, the Group has paid close attention to the layout of architectural glass production capacity in the emerging central city group in the mainland. The Board of Directors of the Group has approved the construction of a new architectural glass base in Xi'an, and further seeks to lay out a class I or class II architectural glass processing base suitable for its scale and demand in areas with similar conditions. With the further improvement of architectural glass production capacity and market service network layout, obstacles restricting the further increase in the market share of CSG architectural glass will be gradually eliminated.

**Electronic glass and display business** focusing on increasing R&D investment, the Company breaks through high-end market barriers with independent intellectual property rights and independent innovation, and firmly takes the development route of product upgrading and iteration to accelerate import substitution. In May 2020, Xianning Optoelectronics, which had just emerged from the epidemic prevention and control blockade, overcame the new generation of high-aluminum electronic glass technology to achieve mass production and market sales of high-aluminum second-generation KK6 glass. This product has excellent performance in light transmittance, color reduction, secondary enhanced ion exchange depth, enhanced drop resistance, scratch resistance, and process ability, which can meet the higher standard requirements and technical level of basic materials for downstream end customers in the fields of 3D surface technology, 5G communication solutions, etc., and its technical level is comparable to the advanced level of foreign countries, reaching the standard requirements for the flagship models of domestic mainstream mobile phone manufacturers. CSG's electronic glass has experienced ten years of intensive and pioneering effort, from soda-calcium to medium-aluminum to high-aluminum and then to the second generation of high-aluminum. Every product upgrade means a comprehensive upgrade of production equipment and process systems, after being well-grounded it finally breaks the technical barriers and market monopoly of international giants on high-end electronic glass, and fills the gap of domestic high-end electronic glass industry. At present, CSG's third-generation high-aluminum products have been successfully developed in the laboratory, and their performance can be fully benchmarked against the new generation of competitive products of international brand. In order to rapidly industrialize the third-generation high-aluminum products, the Company took the initiative to carry out cold repair and technical upgrades on CSG's first high-aluminum electronic glass production line, the Line I of Qingyuan, in April 2020. If the technological transformation is successful, it will further enhance the competitiveness of CSG electronic glass in the high-end electronic glass market. In addition, the Line II of the Qingyuan CSG project "One Kiln and Two Lines" was transferred to commercial operation in December 2020. This project is CSG's key measure to actively implement the country's advocacy of achieving leapfrog development by industrial transformation and upgrading. It effectively enhances the overall profitability of electronic glass while further consolidating and strengthening CSG's competitive advantage in the domestic electronic glass field. In 2020, CSG's ultra-thin electronic glass was awarded the title of Single Champion Product by the Ministry of Industry



and Information Technology for the first time, making CSG the only "Double Champion" in China's glass industry and one of the few in the national manufacturing industry that has two single championship products, and fully demonstrating the Company's brand influence and product strength in the electronic glass field. In March 2021, in order to strengthen the Company's high-end market competitiveness in the field of ultra-thin electronic glass for touch applications, the Company's Board of Directors approved Hebei Panel Glass to invest in a new ultra-thin electronic glass production line with a daily melting capacity of 110 tons and a supporting R&D center. After the completion of the above-mentioned projects, CSG Electronic Glass will achieve comprehensive coverage of electronic glass products from the third generation of high aluminum to medium-aluminum, soda-calcium, and from high to middle and low-end electronic glass products, forming a more solid foundation for market competition.

The display business relies on the production capacity advantages of CSG electronic glass and the accumulation of more than 20 years of research and development experience in the processing and manufacturing of yellow light touch components. It has built core competitiveness around vehicle display and ITO touch products, and has gradually transformed into an important force for domestic suppliers of automotive display packaging materials, touch components and modules. Although the production base is located in Yichang, Hubei Province, it was affected by the epidemic and did not gradually resume production until May. However, with the active ITO market and the trial production of the newly constructed AG production line, it has achieved steady growth in production and sales with differentiated product innovation ideas.

There are three production bases of CSG's electronic glass and display business located in Hubei Province, the operations of which were greatly affected by the epidemic prevention and control situation in the first half of the year. After May, the production and operation gradually returned to normal. At the same time, the Line I of Qingyuan began to undergo cold repair and technical renovation in April, while the Line II of Qingyuan only transferred to commercial operation at the end of December, unable to contribute revenue and net profit. Even under such adverse circumstances, with the smooth progress of new product market development and the unremitting efforts of all colleagues in its subsidiaries, the electronic glass and display business still achieved double growth of operating revenue and net profit after deducting non-recurring gains and losses, with an increase of 4% in operating revenue and 18% in net profit after deducting non-recurring gains and losses. Among them, the operating revenue and net profit after deducting non-recurring gains and losses of the electronic glass business increased by 11% and 30% respectively compared with the same period last year.

#### **Solar and other businesses**

Silicon material base of solar energy industry, located in the high-risk area in the early stage of the epidemic, was seriously affected by the epidemic. Apart from stopping production of polysilicon for technological upgrading, silicon wafer was out of production before April, and gradually resumed production after April. As the overseas PV market was also affected by the epidemic, the delivery speed of PV products slowed down, but the production and sales gradually recovered in the second half of the second quarter and the market gradually improved. PV industry has the characteristics of rapid technological iteration and obvious late-comer advantages, and the market competition is extremely fierce. Therefore, the Company achieves the goal of reducing costs and increasing efficiency by improving the ability of lean production management, and continuously improving, optimizing and adjusting technology and processes to reduce the energy consumption of various materials, thereby reducing production costs; creating a diversified product structure and improving product quality to enhance profitability.

In addition, by making use of the production experience, facilities and rhythmic production experience of the clean plant of photovoltaic manufacturing enterprises, the Company started crossover production of anti-epidemic masks and disinfection products (84 disinfectant) during the epidemic period to meet the urgent market demand for protective materials and donated more than 10 million self-produced masks to Shenzhen and other places for fully fulfilling the Company's social responsibility, which achieved good social and economic benefits as well.

Affected by the stagnant production and shrinking polycrystalline market share during the epidemic period, the operating revenue of solar and other industries decreased year on year. During the report period, based on prudent and moderate business principle, the Company made a provision of RMB 642 million for impairment of some assets of silicon materials with backward technology and high energy consumption. After impairment, the net profit of solar energy and other industries was RMB - 525 million.

## II. Other management work

In recent years, in order to ensure the rapid and healthy development of the Group's various industries, the Group has made careful arrangements for building and strengthening CSG's core competitiveness after prudent and comprehensive analysis and detailed and objective benchmarking, and strictly supervised the implementation, mainly as follows:

**Systematic comprehensive management** is the guarantee of product quality and operating efficiency, covering all aspects of the entire work process and the entire work cycle of the Company's production and operation, one change making all change, and it is CSG's core competitive advantage which is the most difficult to be completely copied by other enterprises. In order to further improve the systematic and comprehensive management level of the group, the Group launched the evaluation of CSG's five-star factory in 2020, taking this as an opportunity to drive all employees to participate in the basic management, solidified and promoted outstanding experience, improved management level, and laid a good foundation for CSG's capacity expansion and management output. In 2020, a number of CSG subsidiaries won the local government quality award.

**The iterative ability of technology, technology and product R&D** is the key guarantee for sustainable and healthy development of enterprises, and the core element of CSG for forming high value-added business line barriers, keeping the industry leading continuously, and realizing the core element of "we have while others don't; when they have, ours are better, even if theirs are better, ours are much stronger". In recent years, the Group has targeted on building an innovative enterprise and has continued to increase R&D investment. In 2020, the R&D expenditure was approximately RMB 405 million, an increase of 10.35% over the previous year. It built professional core R&D teams in different business fields through talent introduction and independent training, and at the same time, it integrated resources and establishes in-depth cooperation in production, education and research with domestic silicate major universities such as South China University of Technology, Beijing University of Technology, Wuhan University of Technology, Yanshan University, etc., to accelerate the transformation of scientific research results and strengthen basic research. In 2020, a number of CSG's subsidiaries won the awards of science and technology progress at or above the provincial level, small giant specializing in special and new technology, invisible champion demonstration enterprise and technological innovation demonstration enterprise. In 2020, the number of patent applications and authorizations of the company reached a record high, with a total of 340 patent applications submitted (1.5% higher than that in 2019), including 146 invention patent applications (37.7% higher than that in 2019); 263 new patent authorizations (10.04% higher than that in 2019), including 30 invention patents (11% higher than that in 2019).

**Team accumulation** is the fundamental guarantee for the inheritance of CSG's spirit and business. In 2020, the Group increased investment in the construction of talent echelon, building an internal lecturer team through the "Dandelion Plan" to increase training efforts; encouraging and supporting the growth of talents discovered through selecting and cultivating youth reserve cadres; reflecting the value of front-line outstanding employees through the selection of invisible craftsmen's deeds. During the year, the Group emerged 3 national-level industry model workers and advanced individuals, and 5 provincial-level and above model workers and advanced individuals.

**Environmental protection** is the lifeline for the survival and development of glass enterprises, and it is a concentrated expression of corporate social responsibility in energy-intensive industries. As early as more than ten years ago, CSG took the lead in the entire industry to use natural gas for all production lines. At the same time, it was the first in the industry to use waste heat power generation, distributed photovoltaic power generation and other methods to achieve comprehensive energy utilization. Through comprehensive exhaust gas treatment such as desulfurization, denitrification

and dust removal, it realized ultra-low emission, far lower than the national standard pollutant emission value. In the era of the era of CO<sub>2</sub> emissions peak and carbon neutrality, energy saving and emission reduction, relatively low energy consumption and high energy efficiency will bring enterprises higher competitiveness and greater living space. The Strategy Department of the Group sets up an energy management group to supervise the energy consumption management of its subsidiaries, and the Safety and Environmental Protection Department of the Group is responsible for the supervision and management of the pollutant emission of the Group, so as to ensure that the energy consumption control and emission control per unit capacity of CSG is always at the leading level in the industry under the premise of the same tonnage and kiln age. In 2020, the Company's waste heat power generation, distributed photovoltaic power generation and other self-generated electricity had reached 32% of the Group's total electricity consumption, and the Group's overall annual CO<sub>2</sub> emissions decreased by 1.64% compared with the previous year. In 2020, many of the Group's subsidiaries were rated as environmental protection A-level enterprises and national and provincial green factories.

**CSG brand** is the witness and crystallization of CSG's more than 30 years of history, and is deeply recognized and respected by the society. It represents the quality and spirit of CSG, and contains great value and influence. In recent years, the Group has strengthened its brand operations and has cultivated sub-brands such as the "Blue Diamond" brand of ultra-white glass, the "Kirin King" brand of electronic glass, and the "Yinglang" brand of jade glass in subdivisions, forming a brand matrix. At the same time, the Group has strengthened brand maintenance, and spared no effort to crack down on illegal acts in the market that falsely use the brand of CSG to damage the reputation and interests of CSG, so as to protect the brand and polish the CSG's golden signs.

**Large-scale scientific layout** CSG previously took architectural glass as the center and formed a national layout of six bases in the East, West, north, South and middle according to the concentration of urban construction. However, the production capacity of float glass and photovoltaic glass is relatively dispersed, which is not conducive to the formation of economies of scale in the manufacture of bulk products, especially photovoltaic glass, the existing two production lines of which are located in Dongguan and Wujiang respectively. Therefore, the Group has decided to choose areas where resource advantages or market advantages are concentrated in the layout of the new production base, and focus on a large-scale layout to maximize the overall competitiveness of the Company. Therefore, the construction of the photovoltaic glass manufacturing base in Fengyang, Anhui Province, with a one-time layout of four photovoltaic glass production lines and supporting processing lines with a daily melting capacity of 1,200 tons, is a strategic measure for the scientific layout adjustment of the Group.

**Strategic resource reserves and solid supply chain guarantee** are the material basis for the Group's strategic development. With the current increase in the Group's production capacity of ultra-white float glass, photovoltaic glass, and electronic glass, the demand for ultra-white low-iron quartz sand and other mineral raw materials continues to increase. While the Group is deploying a photovoltaic glass manufacturing base in Fengyang, it will also build an ultra-white quartz sand production base locally to ensure the project and the Group's strategic needs. Meanwhile, CSG established Group Procurement Management Center in 2020, comprehensively established a hierarchical procurement system, vigorously expanded procurement channels, implemented supplier inspections and follow-up evaluations, and reduced procurement costs through large-scale centralized procurement. Group first-level centralized procurement projects involved more than 30 categories, the amount of which accounted for about 70% of the total purchase amount of the Group, which further consolidated the foundation of the Group's supply chain guarantee.

## II. Main business analysis

### 1. Overview

Unit: RMB

Items	2020	2019	Range of Change	Analysis of reasons
Operating income	10,671,253,445	10,472,028,099	1.90%	
Operating costs	7,444,465,731	7,743,129,614	-3.86%	
Sales expenses	233,918,938	389,269,235	-39.91%	Mainly due to the implementation of the new revenue standard in the current period to reclassify transportation costs to operating costs.
Administration expenses	666,976,561	602,590,650	10.68%	
R&D expenses	404,842,498	366,871,283	10.35%	
Financial expenses	224,011,920	290,417,403	-22.87%	Mainly due to the decrease in interest expenses
Net cash flow arising from operating activities	2,730,619,636	2,379,036,320	14.78%	
Net cash flow arising from investment activities	-789,792,826	-733,075,474		
Net cash flow arising from financing activities	-1,644,587,036	-2,040,156,870		Mainly due to the increase in cash inflow from financing activities

### 2. Revenue and cost

#### (1) Constitution of operation revenue

Unit: RMB

	2020		2019		Increase/decrease y-o-y
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total of operating income	10,671,253,445	100%	10,472,028,099	100%	1.90%
According to industry					
Glass industry	8,709,771,261	81.62%	7,979,780,615	76.20%	9.15%
Electronic glass & Display industry	1,087,361,814	10.19%	1,044,208,070	9.97%	4.13%
Solar energy and other industries	988,782,926	9.27%	1,542,206,620	14.73%	-35.89%
Undistributed	217,971,560	2.04%	82,205,712	0.79%	165.15%
Amount of unutilized	-332,634,116	-3.12%	-176,372,918	-1.69%	88.60%
According to product					
Glass products	8,709,771,261	81.62%	7,979,780,615	76.20%	9.15%
Electronic glass & Display products	1,087,361,814	10.19%	1,044,208,070	9.97%	4.13%
Solar energy and other products	988,782,926	9.27%	1,542,206,620	14.73%	-35.89%
Undistributed	217,971,560	2.04%	82,205,712	0.79%	165.15%
Amount of unutilized	-332,634,116	-3.12%	-176,372,918	-1.69%	88.60%

According to region					
Mainland China	9,538,506,225	89.39%	9,123,825,213	87.13%	4.55%
Overseas	1,132,747,220	10.61%	1,348,202,886	12.87%	-15.98%

**(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	8,709,771,261	5,977,946,913	31.37%	9.15%	3.20%	3.96%
Electronic glass & Display industry	1,087,361,814	755,633,963	30.51%	4.13%	2.56%	1.07%
Solar energy and other industries	988,782,926	831,458,581	15.91%	-35.89%	-36.99%	1.48%
According to product						
Glass products	8,709,771,261	5,977,946,913	31.37%	9.15%	3.20%	3.96%
Electronic glass & Display products	1,087,361,814	755,633,963	30.51%	4.13%	2.56%	1.07%
Solar energy and other products	988,782,926	831,458,581	15.91%	-35.89%	-36.99%	1.48%
According to region						
Mainland China	9,538,506,225	6,650,965,989	30.27%	4.55%	-0.97%	3.88%
Overseas	1,132,747,220	793,499,742	29.95%	-15.98%	-22.72%	6.11%

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	2020	2019	Increase/decrease y-o-y (%)
Flat glass	Sales volume	10,000-ton	299	292	2.40%
	Output	10,000-ton	296	294	0.68%
	Inventory	10,000-ton	6	9	-33.33%
Architectural glass	Sales volume	10,000-M <sup>2</sup>	3,441	2,879	19.52%
	Output	10,000-M <sup>2</sup>	3,445	2,916	18.14%
	Inventory	10,000-M <sup>2</sup>	118	114	3.51%
Electronic glass	Sales volume	ton	57,651	50,497	14.17%
	Output	ton	49,405	61,722	-19.96%

	Inventory	ton	9,232	17,478	-47.18%
Silicon wafer	Sales volume	10,000-piece	15,497	36,782	-57.87%
	Output	10,000-piece	15,353	36,990	-58.49%
	Inventory	10,000-piece	386	530	-27.17%
Solar cell	Sales volume	MW	457	784	-41.71%
	Output	MW	429	890	-51.80%
	Inventory	MW	6	34	-82.35%

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

√Applicable □ Not applicable

1. Flat glass: The decrease in inventory was mainly due to changes in the company's sales rhythm.
2. Electronic glass: The decline in inventory was affected by the technical transformation of the Line I of Qingyuan, and also benefited from the Company's efforts to increase market promotion.
3. Silicon wafer: The decrease in production and sales was mainly due to the epidemic and structural changes in market demand.
4. Cells: The decrease in production and sales was mainly due to the epidemic and structural changes in market demand.

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

√Applicable □ Not applicable

Name of company signing the contract	Name of the other party signing the contract	Subject matter	Total contract amount	Progress of contract performance	Amount of sales revenue recognized in the current period and accumulated	Collection of accounts receivable
Wujiang CSG Glass Co., Ltd., Dongguan CSG Solar Glass Co., Ltd.	LONGi Solar Technology Ltd., Zhejiang LONGi Solar Technology Ltd., Taizhou LONGi Solar Technology Ltd., Yinchuan LONGi Solar Technology Ltd., Chuzhou LONGi Solar Technology Ltd., Datong LONGi Solar Technology Ltd., LONGi (H.K.) Trading Limited, LONGi (KUCHING) SDN. BHD., Xianyang LONGi Solar Technology Ltd., Jiangsu LONGi Solar Technology Ltd., Jiaxing LONGi Solar Technology Ltd., Xi'an LONGi Green Building Technology Ltd.	Photovoltaic glass	RMB 6,500 million (tax included)	In progress	The recognized income was RMB 134.36 million in this period, and the accumulated recognized income was RMB 134.36 million.	RMB 75.94 million

#### (5) Constitution of operation cost

Main business cost structure

Industry classification

Unit: RMB

Industry	Item	2020		2019		Increase/decrease y-o-y
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Glass industry	Materials	4,677,850,685	78.25%	4,558,141,051	78.98%	2.63%
	Labor wages	560,650,194	9.38%	560,930,664	9.72%	-0.05%
	Costs	739,910,129	12.37%	652,239,422	11.30%	13.44%
Electronic glass & Display industry	Materials	525,267,357	69.53%	482,812,079	65.57%	8.79%
	Labor wages	95,305,488	12.62%	97,520,763	13.24%	-2.27%
	Costs	134,913,713	17.85%	155,953,711	21.18%	-13.49%
Solar energy and other industries	Materials	589,781,853	76.76%	1,058,197,056	82.17%	-44.27%
	Labor wages	72,529,031	9.44%	109,535,172	8.51%	-33.78%
	Costs	106,015,979	13.80%	120,118,749	9.33%	-11.74%

Note: The cost includes the transportation cost included in the cost according to the new revenue standard.

Product classification

Unit: RMB

Product	Item	2020		2019		Increase/decrease y-o-y
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Glass products	Materials	4,677,850,685	78.25%	4,558,141,051	78.98%	2.63%
	Labor wages	560,650,194	9.38%	560,930,664	9.72%	-0.05%
	Costs	739,910,129	12.37%	652,239,422	11.30%	13.44%
Electronic glass & Display products	Materials	525,267,357	69.53%	482,812,079	65.57%	8.79%
	Labor wages	95,305,488	12.62%	97,520,763	13.24%	-2.27%
	Costs	134,913,713	17.85%	155,953,711	21.18%	-13.49%
Solar energy and other products	Materials	589,781,853	76.76%	1,058,197,056	82.17%	-44.27%
	Labor wages	72,529,031	9.44%	109,535,172	8.51%	-33.78%
	Costs	106,015,979	13.80%	120,118,749	9.33%	-11.74%

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

Yes  No

On January 7, 2020, the Group set up a subsidiary, CSG (Thailand) Co., Ltd. As of December 31, 2020, the Group has not actually contributed capital, and the Group holds 100% of its shares.

On February 5, 2020, the Group set up a subsidiary, Anhui CSG New Energy Materials Technology Co., Ltd (Abbreviated as "Anhui New Energy Company"). As of December 31, 2020, the Group has invested RMB 20 million. The Group owns 100% of its equity.

On February 8, 2020, the Group set up a subsidiary, Anhui CSG New Quartz Material Co., Ltd (Abbreviated as "Anhui Quartz Company"). As of December 31, 2020, the Group has invested RMB 3 million. The Group owns 100% of its equity.

On February 10, 2020, the Group set up a subsidiary, Shenzhen CSG Medical Technology Co., Ltd (Abbreviated as "Shenzhen CSG Medical Company"). As of December 31, 2020, the Group has invested RMB 20 million. The Group owns 100% of its equity.

On August 31, 2020, the Group set up a subsidiary, CSG (Suzhou) Corporate Headquarters Management Co., Ltd. As of December 31, 2020, the Group has not actually contributed capital, 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)	977,950,348
Proportion in total annual sales volume for top five customers	9.17%

Information of the top five customers of the Company

Serial	Name of customer	Sales volume (RMB)	Proportion in total annual sales
1	Customer A	221,585,033	2.08%
2	Customer B	218,171,404	2.04%
3	Customer C	206,530,744	1.94%
4	Customer D	181,568,127	1.70%
5	Customer E	150,095,040	1.41%
Total		977,950,348	9.17%

Other statement of main customers

Applicable  Not applicable

Major suppliers of the Company

Total purchase amount from the top five suppliers (RMB)	1,266,310,007
Proportion in total annual purchase amount from the top five suppliers	16.23%

Information of the top five suppliers of the Company

Serial	Name of supplier	Purchase amount (RMB)	Proportion in total annual purchase
1	Supplier A	386,428,072	4.95%
2	Supplier B	238,639,110	3.06%
3	Supplier C	231,779,015	2.97%
4	Supplier D	211,515,585	2.71%
5	Supplier E	197,948,225	2.54%
Total		1,266,310,007	16.23%

Other statement of major suppliers

Applicable  Not applicable

**3. Expenses**

Unit: RMB

	2020	2019	Increase/decrease y-o-y	Note of major changes
Sales expense	233,918,938	389,269,235	-39.91%	Mainly due to the implementation of the new revenue standard in the current period and the re-entry of the transportation cost.
Management expense	666,976,561	602,590,650	10.68%	
Financial expense	224,011,920	290,417,403	-22.87%	Mainly due to the reduction of interest costs.
R&D expenses	404,842,498	366,871,283	10.35%	



#### 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

	2020	2019	Ratio of change
Number of R & D personnel (person)	170	184	-7.61%
Ratio of number of R&D personnel	1.61%	1.76%	-0.15%
Amount of R & D investment (RMB)	434,641,497	440,884,641	-1.42%
Ratio of the R&D investment to the operating income	4.07%	4.21%	-0.14%
Amount of the capitalized R&D investment (RMB)	29,798,999	74,013,358	-59.74%
Ratio of the capitalized R&D investment to the R&D investment	6.86%	16.79%	-9.93%

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	2020	2019	Increase/decrease y-o-y
Subtotal of cash in-flow from operation activity	11,975,699,992	11,798,483,075	1.50%
Subtotal of cash out-flow from operation activity	9,245,080,356	9,419,446,755	-1.85%
Net cash flow from operation activity	2,730,619,636	2,379,036,320	14.78%
Subtotal of cash in-flow from investment activity (1)	439,718,884	37,590,251	1069.77%
Subtotal of cash out-flow from investment activity (2)	1,229,511,710	770,665,725	59.54%
Net cash flow from investment activity	-789,792,826	-733,075,474	
Subtotal of cash in-flow from financing activity(3)	4,422,844,911	3,471,013,352	27.42%
Subtotal of cash out-flow from financing activity	6,067,431,947	5,511,170,222	10.09%
Net cash flow from financing activity(4)	-1,644,587,036	-2,040,156,870	
Net increased amount of cash and cash equivalent(5)	292,193,166	-393,291,883	

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

Applicable  Not applicable

(1) Mainly due to the recovery of entrusted loans.

(2) Mainly due to the increase in cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets.

(3) Mainly due to the increase in cash received from the issuance of bonds.

(4) Mainly due to the increase in cash inflow from financing activities.

(5) Mainly due to the increase in net cash from operating activities and the change in net cash from 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

### III. Analysis of the non-core business

Applicable  Not applicable

Unit: RMB

	Amount	Ratio in total profit	Note for the reason	Sustainable or not
Investment income	2,654,504	0.24%	Income from structured deposit	No
Changes in fair value gains and losses	179,911,200	16.27%	Changes in fair value of investment real estate	No
Asset impairment	738,508,094	66.79%	Mainly due to long-term asset impairment losses	No
Non-operating income	14,369,839	1.30%	Mainly claim income and unpaid payments, etc.	No
Non-operating expenses	20,554,395	1.86%	Mainly due to donations	No

## IV. Assets and liabilities

### 1. Major changes of assets and liabilities composition

The company implemented the new revenue standard or the new lease standard for the first time from 2020 and adjusted and implemented the relevant items of the financial statement at the beginning of the year  
Applicable

Unit: RMB

	As at 31 Dec. 2020		As at 31 Dec. 2019		Change of proportion	Notes of major changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary funds	2,125,788,903	11.89%	1,986,980,418	10.92%	0.97%	
Notes receivable	207,966,892	1.16%	297,023,380	1.63%	-0.47%	Mainly due to changes in the collection methods of some subsidiaries
Accounts receivable	681,467,133	3.81%	649,681,177	3.57%	0.24%	
Inventory	815,156,318	4.56%	812,321,690	4.46%	0.10%	
Receivables financing	382,527,782	2.14%	258,296,826	1.42%	0.72%	Mainly due to the increase in receipt of bank acceptance bills
Other current assets	140,031,544	0.78%	447,995,931	2.46%	-1.68%	Mainly due to the recovery of entrusted loans
Investment real estate	383,084,500	2.14%			2.14%	Mainly due to the conversion of self-use real estate into investment real estate by some subsidiaries
Fix assets	9,145,644,569	51.14%	9,783,037,301	53.75%	-2.61%	
Construction in process	1,893,380,611	10.59%	1,902,140,035	10.45%	0.14%	
Development expenditure	49,153,407	0.27%	85,240,356	0.47%	-0.20%	Mainly due to the conversion of development expenditures to intangible assets
Deferred income tax assets	194,979,414	1.09%	205,792,587	1.13%	-0.04%	
Other Non-Current Assets	193,359,445	1.08%	120,399,893	0.66%	0.42%	Mainly due to the advance payment of engineering equipment for the construction of some subsidiaries
Short-term loans	352,895,571	1.97%	2,240,969,137	12.31%	-10.34%	Mainly due to the repayment of part of the loan
Notes payable	144,851,192	0.81%	232,063,968	1.27%	-0.46%	Due to the decrease in the number of newly opened bills and the maturity of the original bills
Advance receipt			292,803,811	1.61%	-1.61%	Mainly due to the reclassification of advance receipts to contract liabilities
Contract liabilities	296,776,624	1.66%			1.66%	Mainly due to the reclassification of advance receipts to contract liabilities
Taxes payable	194,921,071	1.09%	115,425,044	0.63%	0.46%	Mainly due to the increase in corporate income tax and value-added tax payable
Other payables	287,332,992	1.61%	351,374,775	1.93%	-0.32%	
Non-current liabilities due	927,531,709	5.19%	1,712,456,928	9.41%	-4.22%	Mainly due to the repayment of medium-term notes

within one year						
Other current liabilities	34,586,292	0.19%	300,000	0.00%	0.19%	Mainly due to the taxation of contract liabilities listed in this subject according to the new income standard
Long-term loans	853,253,983	4.77%	1,320,225,000	7.25%	-2.48%	Mainly due to the reclassification of medium-term notes to non-current liabilities due within one year
Bonds payable	1,994,020,348	11.15%			11.15%	Mainly due to newly issued corporate bonds
Long-term payables			87,240,529	0.48%	-0.48%	Mainly due to the repayment of financial lease payments
Deferred income tax liabilities	102,619,932	0.57%	30,197,657	0.17%	0.40%	Mainly due to the conversion of self-use real estate into investment real estate by some subsidiaries
Capital reserve	596,997,085	3.34%	683,219,358	3.75%	-0.41%	
Treasury stock			118,066,397	0.65%	-0.65%	Mainly due to the repurchase of restricted stocks
Other Comprehensive Income	161,816,819	0.90%	6,565,864	0.04%	0.86%	Mainly due to the conversion of self-use real estate into investment real estate by some subsidiaries
Special Reserve	10,269,002	0.06%	11,102,921	0.06%		

## 2. Assets and liabilities measured at fair value

Applicable  Not applicable

Unit: RMB

Item	Opening balance	Gains and losses from changes in fair value for the current period	Cumulative changes in fair value included in equity	Impairment accrued in the current period	Purchase amount for this period	Amount sold in this period	Other changes	Closing balance
Investment real estate	0	179,911,200	189,590,349				13,582,951	383,084,500

During the report period, whether the company's main asset measurement attributes have changed significantly

Yes  No

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

Item	Limited amount	Limited reason
Monetary funds	1,760,707	Limited margin transfer
Fix assets	238,490,675	Limited of Leveraged lease and Mortgage loan
Total	240,251,382	

## V. Investment

### 1. Overall situation

Applicable  Not applicable

Investment in the report period (RMB)	Investment in the same period of last year (RMB)	Changes
1,229,511,710	770,665,725	59.54%

**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)
Anhui Fengyang Lightweight & high-permeability panel for solar energy equipment manufacturing base project	Self-built	Yes	Manufacturing industry	1,504	1,504	Non-public issuance of stocks, own funds and loans from financial institutions	CSG plans to invest in Anhui Province for the project of lightweight & high-permeability panel for solar energy equipment manufacturing base in 2020-2022. The project is still under preparation.	43,566		No income as the project is in the construction period.	March 6, 2020	Notice number: 2020-010
Anhui Fengyang quartz sand project in Anhui Province	Self-built	Yes	Manufacturing industry	178	178	Own funds and loans from financial institutions	CSG plans to build a new production base of low iron (ultra-white) quartz sand with an annual output of 600,000 tons in Fengyang, Anhui Province, and obtain the raw ore right of quartz sand.	8,238		No income as the project is in the construction period.	March 6, 2020	Notice number: 2020-010
Zhaoqing CSG high-grade automotive glass production line project	Self-built	Yes	Manufacturing industry	340	340	Own funds and loans from financial institutions	CSG plans to invest in the construction of high-end automotive glass production line in Zhaoqing from 2019 to 2021. The project is still under construction.	5,800		No income as the project is in the construction period.	December 13, 2019	Notice number: 2019-077
Zhaoqing CSG high-grade energy conservation glass production line project	Self-built	Yes	Manufacturing industry	4,774	4,774	Own funds and loans from financial institutions	CSG plans to invest in the construction of energy-saving glass production project in Zhaoqing from 2019 to 2021. After the production, the company will produce 2.5 million square meters of energy-saving insulating glass and 3.5 million square meters of coated energy-saving products. The project is still under	7,000		No income as the project is in the construction period.	December 13, 2019	Notice number: 2019-077

							construction.					
Qingyuan CSG ultra-clear electronic glass and ultra-clear special glass product line construction project	Self-built	Yes	Manufacturing industry	52,830	61,703	Own funds and loans from financial institutions	CSG plans to build a two-line ultra-white electronic glass and ultra-white special glass production line in Qingyuan CSG with a daily melting capacity of 700 tons/day. The project uses a unique one-kiln two-line process to simultaneously produce 0.33~1.1mm ultra-white ultra-thin electronic glass, 3~4mm and 15~22mm ultra-white special glass. The project has been transferred to fixed assets in December 2020.	16,420		The project was transferred to fixed assets in December 2020, the revenue will be realized in 2021.	December 22, 2018	Notice number: 2018-072
Dongguan solar light and high-efficiency double-glass processing production line construction project	Self-built	Yes	Manufacturing industry	524	524	Own funds and loans from financial institutions	CSG plans to build a lightweight and high-efficiency double-glass processing production line in Dongguan Solar. After the production line is completed, it is expected to add 1 million square meters of double-glass production capacity per month, with an annual production capacity of 12 million square meters. The project is under construction.	2,341		No income as the project is in the construction period.	August 24, 2020	Notice number: 2020-061
Wujiang Float Lightweight and High-efficiency double-glass processing production line construction project	Self-built	Yes	Manufacturing industry	357	357	Own funds and loans from financial institutions	CSG plans to build two lightweight and high-efficiency double-glass processing production lines in Wujiang Float. After the production line is completed, it is expected to add 2 million square meters of double-glass production capacity per month, with an annual production capacity of 24 million square meters. After the project is completed, it will give full play to the technical advantages of Wujiang Float double-glass, enhance market competitiveness, and expand the scale of the Company's benefits. The project is under construction.	4,785		No income as the project is in the construction period.	August 24, 2020	Notice number: 2020-061

Tianjin Energy-saving Coating Production Line Purchase and Upgrade Project	Self-built	Yes	Manufacturing industry			Own funds and loans from financial institutions	CSG intends to invest in a new coating production line in Tianjin CSG, and at the same time upgrade and transform the existing coating line B and line C. The project plans to increase the annual production capacity of 2.76 million square meters through the purchase of coating lines and the upgrading and transformation of existing production lines.	1,640		The project has no profit for the time being.	April 30, 2020	Notice number: 2020-023
Wujiang Architectural Glass newly building intelligent manufacturing plant construction project	Self-built	Yes	Manufacturing industry	76	76	Own funds and loans from financial institutions	CSG plans to build a full-process flexible automated production line covering cutting, edging, tempering, hollowing and other processes in Wujiang CSG East China Architectural Glass Co., Ltd., using the reserved industrial land in the factory area. The new factory building area is 31,968 square meters, and the new intelligent manufacturing production line has an annual output of LOW-E 1.2 million square meters of energy-saving insulating glass. The project is under construction.	5,049			June 24, 2020	Notice number: 2020-051
Xi'an CSG Energy-saving glass production line project	Self-built	Yes	Manufacturing industry			Own funds and loans from financial institutions	CSG Group plans to invest in the establishment of "Xi'an CSG Energy-saving Glass Co., Ltd." (tentative name) ("Xi'an CSG Energy-saving") in Xi'an, Shaanxi Province, to build a high-end energy-saving glass production line with an annual output of 2.1 million square meters of hollow energy-saving glass. A 3.5 million square meter energy-saving glass production line with coated energy-saving products.	4,222			November 7, 2020	Notice number: 2020-070
PV power plant investment	Self-built	Yes	Manufacturing industry		26,214	Own funds and loans from	CSG plans to invest in the construction of photovoltaic power stations in the two years	4,344		Part of the project has been	January 22, 2016	Notice number: 2016-006



						financial institutions	from 2016 to 2017, of which the wholly-owned subsidiary Shenzhen CSG Photovoltaic Energy Co., Ltd. will build 200MW by itself, and CSG and Kibing Group will jointly build 140MW. From 2016 to 2020, Shenzhen Photovoltaic has developed and constructed a total of 82MW of photovoltaic power plants, including 62MW distributed photovoltaic power plants and 20MW centralized photovoltaic power plants.			completed. The income of the completed project has been reflected in the profit.		
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 production line in Dongguan	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 subsidiary, Dongguan CSG PV Technology Co., Ltd. and purchase of some new equipment, the first stage capacity of the Xianning			The project was suspended.	April 16, 2016	Notice number: 2016-018

							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	--	--	--	60,583	96,936	--	--	103,405		--	--	--

#### 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

##### (1) Overall use of raised funds

Applicable  Not applicable

Year of Raising	Method of Raising	The total amount of funds raised	The total amount of funds raised in the current period has been used	The total amount of funds raised has been used	Total amount of raised funds changed in use during the reporting period	Accumulated total amount of raised funds with changed purposes	Cumulative proportion of total amount of raised funds with changed purposes	The total amount of funds raised has not been used	The purpose and destination of the raised funds not yet used	Amount of funds raised after being idle for more than two years
2020	Corporate bonds	199,168	199,168	199,168	0	0	0	0	0	0
Total	--	199,168	199,168	199,168	0	0	0	0	0	0

##### Description of the overall use of raised funds

Approved by China Securities Regulatory Commission Securities Regulatory Commission [2019] No. 1140, the Company publicly issues corporate bonds with a total face value of no more than RMB 2 billion to qualified investors, and issues them by stages. The first issue shall be completed within 12 months from the date of approval, and the other issues shall be completed within 24 months from the date of approval. On March 24, 2020, the Company issued a three-year corporate bond with a total amount of RMB 2 billion. After deducting the underwriting expenses of RMB 8.32 million, the Company received a net raised fund of RMB 1991.68 million as of March 25, 2020, which was used to repay the interest bearing liabilities of the Company and its subsidiaries.

##### (2) Committed projects of raised funds

Applicable  Not applicable

Unit: RMB0'000

Committed investment projects and over raised funds	Whether the project has been changed (including some)	Total committed investment of raised funds	Total investment after adjustment (1)	Investment amount in this report period	Accumulated investment amount by the end of	Investment progress by the end of the period	The date when the project is ready for use	Benefits achieved during the report period	Whether the expected benefits are achieved	Whether the feasibility of the project has changed
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	changes)				the period (2)	(3)= (2)/(1)				significa ntly
Commitment to investment projects										
Repayment of bank loans	No	199,168	199,168	199,168	199,168	100%	N/A	N/A	N/A	No
Subtotal of committed investment projects	--	199,168	199,168	199,168	199,168	--	--	N/A	--	--
Investment direction of over raised funds										
Nil	0	0	0	0	0	0	0	0	0	0
	--	0	0	0	0	0	--	--	--	--
Repayment of bank loans (if any)	--	0	0	0	0	0	--	--	--	--
Over-raised funds invested in subtotal	--	0	0	0	0	--	--	0	--	--
Total	--	199,168	199,168	199,168	199,168	--	--	0	--	--
Repayment of bank loans (if any)	N/A									
Description of major changes in the feasibility of the project	N/A									
The amount, purpose and use progress of over-raised funds	N/A									
Changes in the implementation location of fund-raising investment projects	N/A									
Adjustments to the implementation of fund-raising investment projects	N/A									
Preliminary investment and replacement of raised funds investment projects	N/A									
Temporarily supplement liquidity with idle raised funds	N/A									
The amount and reason of the fund-raising balance in the implementation of the project	N/A									
Use and destination of unused raised funds	N/A									
Problems or other circumstances in the use and disclosure of raised funds	N/A									

**(3) Changes in raised funds**

Applicable  Not applicable

The Company did not have any changes in raised funds during the report period.

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

Applicable  Not applicable

No significant assets were sold during the reporting period.

**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	1,058,072,110	820,544,285	1,202,087,717	314,183,483	273,591,632
Hebei CSG Glass Co., Ltd.	Subsidiary	Manufacture and sales of various special glass	USD 48.06 million	1,028,524,648	722,829,822	902,816,892	174,494,318	150,308,378
Xianning CSG Glass Co., Ltd.	Subsidiary	Development and manufacture and sales of various special glass	235 million	710,055,430	571,431,134	755,070,013	115,913,323	101,120,526
Wujiang CSG Glass Co., Ltd.	Subsidiary	Manufacture and sales of various special glass	565.04 million	1,628,285,442	984,190,804	1,735,766,077	397,752,740	346,183,242
Dongguan CSG Solar Glass Co., Ltd.	Subsidiary	Manufacture and sales of Solar-Energy Glass products	480 million	1,658,896,151	926,994,040	1,304,845,878	267,671,870	232,302,617
Dongguan CSG Architectural Glass Co., Ltd.	Subsidiary	Deep processing of glass	240 million	1,036,549,477	555,442,566	1,122,559,074	110,960,988	97,807,922
Sichuan CSG Energy Conservation Glass Co., Ltd.	Subsidiary	Development, production and sales of various special glass and glass deep processing	180 million	572,317,015	326,065,777	747,627,677	98,110,256	85,691,419
Wujiang CSG East China Architectural	Subsidiary	Deep processing of glass	320 million	791,966,532	516,253,539	878,257,160	102,375,030	89,722,471

Glass Co., Ltd.									
Shenzhen Nanbo Display Technology Co., Ltd.	Subsidiary	Manufacture and sales of display device products	143 million	1,709,492,383	998,036,943	621,866,879	99,580,797	87,177,194	
Yichang CSG Polysilicon Co., Ltd.	Subsidiary	Production and sales of high-purity silicon material products	1,467.98 million	1,986,147,898	62,274,390	263,404,280	-691,343,743	-697,065,509	
Shenzhen CSG Application Technology Co., Ltd.	Subsidiary	R&D, design, technical consultation and technology transfer of glass products	69.12 million	589,220,032	449,484,109	28,016,797	188,099,353	161,337,051	

Particulars about subsidiaries obtained or disposed in report period

Applicable  Not applicable

Description of the main holding and shareholding companies:

In the second half of 2020, the flat glass industry ushered in a good opportunity. Based on the continuous promotion of differentiated business strategy, the Company made a new breakthrough in the performance, especially in the front layout of double glass field, fully reflected the product premium ability, and effectively control the superimposed cost. The performance of each subsidiary had achieved new breakthroughs.

## 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 recent years, under the policy of supply-side reform and other policies, the supply and demand structure of the industry has been optimized, and the state of overcapacity has been improved. A series of policies implemented by the state, such as industrial guidance catalogue, air pollution treatment, elimination of non-standard products and production control, have effectively controlled industrial capacity, improved product quality and accelerated the elimination of backward production capacity. In 2020, despite the impact of the "epidemic", demand in the real estate sector was slightly weak in the first half of the year, but the market recovered significantly in the second half of the year. At the same time, with the expansion of the use of flat glass and the improvement of the production capacity structure, the market supply and demand structure were generally stable.

In 2021, the regulation policy of real estate is expected to be considerably relaxed, the data of completed real estate area is expected to be revised, and the market supply and demand environment are expected to be stable. With the continued implementation of the policy of further capacity reduction and the possible implementation of stricter emission standards, it is expected that the overall market supply and demand relationship will shift to a tight supply situation, and the industry leader will benefit significantly. The improvement of the industry and market structure will benefit the CSG Group which has been paying attention to environmental protection and has complete environmental protection facilities.

In order to achieve the goal of "CO<sub>2</sub> Emissions Peak" by 2030 and "Carbon Neutrality" by 2060, the Country is accelerating the green low-carbon energy development plan. In the future, the national energy structure will change, and the proportion of renewable energy will continue to increase. According to the forecast of the "China Photovoltaic Industry Association", during the 14th Five-Year Plan period, photovoltaics will become the mainstay of new electricity

installations, and the domestic photovoltaic industry will usher in a new period of development opportunities. The increase in photovoltaic installations will increase the demand for photovoltaic glass. , Thus driving the rapid development of the photovoltaic glass industry.

### **Architectural glass industry**

The outbreak of the epidemic in 2020 had a greater impact on the domestic and international economy. CSG actively responded to the Country's dual-cycle goal of "Domestic and International", strictly and accurately formulated control measures based on the development of the epidemic, and actively utilized its own brand, quality, service, and market refined operation capabilities accumulated over the years, while vigorously developing equipment automation and informatization, reducing costs and increasing efficiency, further consolidating CSG's market position, looking for opportunities in the crisis, and achieved performance growth in 2020 in the continuous fluctuation of the high price of upstream float glass.

In the long run, energy-saving glass, as the key to building energy conservation, has a penetration rate of more than 80% in developed countries in Europe and the United States, while the current utilization rate in China is less than 15%. However, the total construction volume in China continues to grow. Every year, 16 billion square meters of new buildings are high energy consuming buildings with an energy utilization rate of only 33%, in order to achieve the goal of "CO<sub>2</sub> Emissions Peak" by 2030 and "Carbon Neutrality" by 2060 proposed by the Chinese government, it is urgent to reduce building energy consumption and carbon emissions, and vigorously develop green buildings, that also provides a broad market space for building energy-saving glass manufacturing enterprises.

### **Electronic glass and display industry**

With the popularization and development of 5G technology, smart home, smart car, smart factory, advanced medical treatment and other application segments are about to enter a high-speed development stage, which provide a broader market prospect and market space for the electronic glass industry. At the same time, it also provides a market opportunity for leapfrog development for upstream material manufacturers with leading technological innovation capabilities and healthy operations.

In the field of automotive electronics, market research organization Auto Data believes that the continuous deepening of automotive electrification, intelligence, and interconnection trends indirectly drives the development and growth of the automotive display market, which is widely used in instrument panels, central control displays, and rear-seat entertainment In-vehicle displays in automotive interiors such as systems are about to usher in a huge market increase. Especially when smart cars start to hit the road in 2022, the on-board central control screen, as the main human-computer interaction window, is also given more functional requirements. The trend of multi-screen, large screen, curved surface and abnormal shape of automobile is obvious, and the demand for on-board central control will further grow. In the next few years, on-board central control is expected to continue double-digit growth, with an average annual compound growth rate of more than 10%.The core products such as automotive AG glass, automotive multifunctional cover and automotive touch sensor for automotive central control screens will have broad market prospects in the future.

### **Solar energy industry**

In the past two years, subsidies have declined, and the generation side has entered the era of grid parity. The power market has continuously forced the cost of photovoltaic industry to decline. With the rapid development of photovoltaic technology, the production equipment is continuously upgraded, and the competition is becoming fiercer. Some backward production capacity has been eliminated, and some new capital has entered. In recent years, oligarchs have emerged in all links of the industrial chain, and the industrial concentration has increased, and capital has been concentrated in companies with resource advantages or technological advantages. In order to strengthen the ability to resist risks, various leading enterprises have extended the industrial chain upstream and downstream, or formed

alliances with enterprises in other links of the industrial chain. The Company already has the entire industry chain and has certain anti-risk capabilities. The entire industry chain makes the Company more sensitive and can respond to subtle changes in the industry in a timely manner. Compared with its peers, the Company's competitive advantage is mainly in the upstream of the industrial chain. The Company entered the polysilicon industry early, with large investment, mature technology, stable team, independent research and development capabilities and intellectual property rights. In the future, the Company will give full play to its own advantages, integrate multiple resources, focus on the development of the polysilicon industry, and provide high-quality raw materials for the photovoltaic industry.

## 2. Company Development Strategy

2021 is the 37th anniversary of the establishment of CSG. The Company will follow the development path of "Polishing three pieces of glass (float glass, photovoltaic glass, electronic glass) to forge a brand (architectural glass)", firmly expand and strengthen the main glass business, persist in high-quality development, adhere to the purpose of "Business First", continue to enhance the Company's core competitiveness and strengthen strategic support for the development of the industry, occupy the commanding heights of the industry, strengthen the advantage of raw material resources, improve technology and R&D strength, expand market share and market influence, integrate industrial resources, comprehensively improve the credibility and influence of the CSG brand, plan the layout of the CSG industry from a global and macro perspective, and build the CSG into a transnational enterprise group with international influence related to the upstream and downstream of the glass industry.

## 3. Business Plan of 2021

- ① Strengthen the ability of group operation and management, realize general planning management, promote measures such as supply chain management and lean management, exploit its potential and increase efficiency, and ensure the completion of operation construction objective of the Company in 2021;
- 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, Select and train reserve cadres and introduce high-quality talents;
- ⑤ Rationally plan asset-liability ratio level and ensure financial risk under control;
- 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

The Company's budgeted capital expenditure in 2021 is approximately RMB 4.129 billion, mainly for projects such as lightweight and high-permeability panels for solar energy equipment, construction of electronic glass production lines, technology upgrades in the solar energy industry, automation of architectural glass workshops, and capacity expansion. The main sources of funds are funds raised through non-public offering of stocks, self-owned funds, and loans from financial institutions.

## 5. Risks and Countermeasures

In 2021, 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 2020, 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. Establish an open, equal, fair and enterprising corporate culture, strengthen the 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 is facing fierce competition of similar products and rising pressure of raw materials and fuels. The solar photovoltaic industry is facing the risk of product price fluctuations and a shrinking market share for polysilicon products. The electronic glass and display industry is facing the risk of accelerating the upgrading of material technology due to the continuous rapid iterative upgrading of the technical requirements of downstream application scenarios. To cope with aforesaid risks, the Company will take the following measures:

- A. In the flat glass industry, the Company will improve its profitability through continuous lean management and differentiated operation, product structure optimization and other ways; expand the scale of the industry by investing in new production lines, enhance the competitiveness of the industry;
- B. In the 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 shortage of raw materials in the short and medium term in the future may lead to an increase in production costs and even affect production. As the Company entered the industry early and the proportion of old equipment is relatively high, the Company will face the impact of advanced production equipment in its peers after the release of a large number of new capacity in the future, resulting in a decline in its profitability. The Company will continue to maintain continuous investment in research and development, accelerate the development and introduction of new technologies, and appropriately upgrade equipment and replace them with new ones to maintain corporate competitiveness.
- D. In electronic glass and display devices industry, the Company will strengthen research and development of new technology and new product, maintain its technical leading advantage in the industry, and rapidly develop terminal market and improve industrial profitability.

③ 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 10.70% 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	Reception location	Reception method	Reception object type	Reception object	The main content of the discussion and the information provided	Index of the basic situation of the survey
June 12, 2020	CSG Headquarters	Field research	institution	Dongfang securities, Guohai Securities, Great Wall Securities, Jingshun Great Wall, RONGTONG fund, China CITIC construction investment securities, Bank of China International Securities	The Company communicated with the investors on the company's strategic development direction, raised investment projects, capital expenditure, electronic glass, photovoltaic glass, etc.; no information was provided.	For details, please refer to the record of investor relations activities disclosed on Juchao information website on June 15, 2020.
November 9, 2020	CSG Headquarters	Field research	institution	Western securities, Xingzheng Global Fund, Ruijun asset, Weide investment, Hengtai securities, southern fund, Shenzhen haifuling capital, Shenzhen qianhaisheng Beile investment, foxtail pine asset, shenuo investment, Yixing investment, GuotaiJunan, Great Wall Fund, Dayan capital, Hua'an securities, Liyan investment	The Company communicated with the investors on the company's strategic development direction, raised investment projects, production capacity of various businesses, new electronic glass products, etc.; no information was provided.	For details, please refer to the record of investor relations activities disclosed on Juchao information website on November 11, 2020.
Reception times						2
Number of institutions received						23
Number of individuals received						0
Number of other objects received						0
Whether to disclose, disclose or divulge undisclosed material 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 2019 was approved by Annual General Shareholders' Meeting of 2019 held on 21 May 2020 which distributed distributing cash dividend of RMB 1 (tax included) 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 2020, 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 preplan in 2020: Based on the current total share capital of 3,070,692,107 shares, distributing cash dividend of RMB 1 (tax included) for every 10 shares to all shareholders.

Statement on profit distribution plan in 2019: Based on the current total share capital of 3,106,915,005 shares, distributing cash dividend of RMB 0.7 (tax included) for every 10 shares to all shareholders.

Statement on profit distribution plan and capitalization of capital reserve plan of the Company in 2018: based on 2,825,632,877 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 share for every 10 shares to all shareholders based on 2,825,632,877 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)
2020	307,069,211	779,325,592	39.40%	0	0%	307,069,211	39.40%

2019	214,948,447	536,430,818	40.07%	0	0%	214,948,447	40.07%
2018	141,281,644	452,965,935	31.19%	0	0%	141,281,644	31.19%

Note:

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.

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)	0
Distributing cash dividend for every 10 shares (tax included) (RMB)	1
Shares added for every 10-share base (Share)	0
Equity base for distribution preplan (share)	3,070,692,107
Total amount distribution in cash (RMB) (tax included)	307,069,211
Cash dividend amount in other ways (such as repurchasing shares) (RMB)	0
Total cash dividends (including other methods) (RMB)	307,069,211
Profit available for distribution (RMB)	1,100,790,694
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 779,325,592 in 2020, and the net profit of the parent company's financial statements was RMB 906,971,361.	
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 90,697,136 based on the net profit RMB 906,971,361 of parent company statement 2020. The allocation for Shareholders in 2020 was RMB 1,100,790,694.	
The deliberated and approved plan of profit distribution in the Board Meeting is distributing cash dividend of RMB 1 yuan (tax included) for every 10 shares to all shareholders based on 3,070,692,107 shares of the total currently share capital., and the total amount distribution is RMB307,069,211 (including tax).The actual amount of the cash dividend distributed will be determined according to the total share capital on the registration date of the Company's implementation of the profit distribution plan.	
The profit distribution plan complies with the "Company Law", "Listed Company Supervision Guidelines No. 3-Cash Dividends for Listed Companies", the "Articles of Association" and the company's shareholder return plan, and other relevant regulations. It is in line with the company's actual situation and future development plans. Taking into account the interests of shareholders.	
The above profit distribution proposal must be submitted to the 2020 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 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.	2006-5-22	N/A	By the end of the report period, the above shareholders of the Company had strictly carried out their promises.
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	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.

			remained the largest shareholder of CSG. Meanwhile, they made commitment on regularizing related transaction and avoiding industry competition.			
Commitments in assets reorganization	Not applicable					
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					

Note: Shenzhen Jushenghua Co., Ltd. transferred its 86,633,447 unrestricted tradable A shares of CSG Group to its wholly-owned sub-subsidiary Zhongshan Runtian Investment Co., Ltd. through agreement transfer on March 16, 2020. Zhongshan Runtian Investment Co., Ltd. is obliged to continue to fulfill the commitments made by Shenzhen Jushenghua Co., Ltd. As of the end of the report period, the above-mentioned shareholders had strictly fulfilled the relevant commitments.

**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. Particulars 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

The content and reason of accounting policy change	Approval procedures
The Ministry of Finance issued the new "Accounting Standards for Business Enterprises No. 14-Revenue" (CK [2017] No. 22) on July 5, 2017. According to the provisions, the enterprises listed at the same time at home and abroad and those listed abroad and prepared financial statements by adopting international financial reporting standards or enterprise accounting standards shall be implemented as of January 1, 2018; other domestic listed enterprises shall be implemented as of January 1, 2020. The implementation of the new income standard is not expected to have a significant impact on the Company's operating results, nor will it lead to a significant change in the Company's income recognition method, nor will it have a significant impact on the financial statements.	The 11th meeting of the 8th Board of Directors held on April 28, 2020 deliberated and passed the proposal on accounting policy changes.

## 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 January 7, 2020, the Group set up a subsidiary, CSG (Thailand) Co., Ltd. As of December 31, 2020, the Group has not actually contributed capital, and the Group holds 100% of its shares.

On February 5, 2020, the Group set up a subsidiary, Anhui CSG New Energy Materials Technology Co., Ltd (Abbreviated as "Anhui New Energy Company"). As of December 31, 2020, the Group has invested RMB 20 million. The Group owns 100% of its equity.

On February 8, 2020, the Group set up a subsidiary, Anhui CSG New Quartz Material Co., Ltd (Abbreviated as "Anhui Quartz Company"). As of December 31, 2020, the Group has invested RMB 3 million. The Group owns 100% of its equity.

On February 10, 2020, the Group set up a subsidiary, Shenzhen CSG Medical Technology Co., Ltd (Abbreviated as "Shenzhen CSG Medical Company"). As of December 31, 2020, the Group has invested RMB 20 million. The Group owns 100% of its equity.

On August 31, 2020, the Group set up a subsidiary, CSG (Suzhou) Corporate Headquarters Management Co., Ltd. As of December 31, 2020, the Group has not actually contributed capital, and the Group owns 100% of its equity.

## 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	3
Name of domestic CPA	Zhou Xianhong, Sun Weijie
Continuous life of auditing service for domestic CPA	Zhou Xianhong(3years), Sun Weijie(1year)

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 3<sup>rd</sup> Meeting of the 8<sup>th</sup> 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 on Juchao information website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) on 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 5<sup>th</sup> 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 extraordinary meeting of the eighth session board of directors convened on Dec. 11<sup>th</sup>, 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 were 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 A-shares disclosed on Juchao information website ([www.cninfo.com.cn](http://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, considered and agreed to repurchase and cancel the total of 3,319,057 shares of 15 incentive targets of all that have been granted to them who have not been eligible with stock still under restriction, and the independent directors of the Company issued a consent. 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 and write-off of a total of 436,719 shares of all restricted shares granted but not yet unrestricted to sale by 8 unqualified original incentive subjects, 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. As of June 18, 2019, the Company has completed the cancellation procedures of the above-

mentioned restricted stock at the Shenzhen branch of China securities registration and clearing co., Ltd. For details, please refer to the notice on completion of cancellation of partial restricted stock repurchase (notice No.: 2019-040) published on Juchao information website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) on June 19, 2019.

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.

On April 16, 2019, the Company held the 8th meeting of the 8th board of directors, and the 8th meeting of the 8th board of supervisors. The meetings approved the "Proposal concerning the repurchase and cancellation of some restricted shares from the 'incentive plan' of restricted shares", and the "Proposal concerning the repurchase and cancellation of restricted shares failing to meet the second-term unlocking condition". The meetings approved to repurchase and cancel a total of 3,473,329 restricted shares which have already been granted to and held by 14 recipients who are unqualified for the "incentive plan", and repurchase and cancel a total of 33,734,276 restricted shares failing to meet the second-term unlocking condition from 483 "incentive" recipients. Independent directors agreed with this and it was approved by the annual general meeting of shareholders on May 9 2019. By June 18 2019, the cancellations procedure of above restricted shares has been accomplished. For details, please refer to the notice on completion of cancellation of partial restricted stock repurchase (notice No.: 2019-040) published on Juchao information website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) on June 19, 2019.

On September 16, 2019, 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 Cancellation part of Restricted Stocks of Restricted Stock Incentive Plan", considered and agreed to repurchase and cancel the total of 1,281,158 shares of 18 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 fourth extraordinary general meeting of shareholders in 2019, held on October 10, 2019. By June 16, 2020, the cancellations procedure of above restricted shares has been accomplished. For details, please refer to the notice on completion of cancellation of partial restricted stock repurchase (notice No.: 2020-049) published on Juchao information website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) on June 17, 2020.

On September 16, 2019, 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 3 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 71, and the number of restricted shares that can be unlocked is 3,909,350, accounting for 0.13% 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 September 25, 2019.

On April 28, 2020, the Company held the 11th meeting of the 8th board of directors, and the 11th meeting of the 8th board of supervisors. The meetings approved the "Proposal concerning the repurchase and cancellation of some restricted shares from the 'incentive plan' of restricted shares", and the "Proposal concerning the repurchase and cancellation of restricted shares failing to meet the third-term unlocking condition". The meetings approved to

repurchase and cancel a total of 909,936 restricted shares which have already been granted to and held by 14 recipients who are unqualified for the “incentive plan”, and repurchase and cancel a total of 35,312,962 restricted shares failing to meet the third-term unlocking condition from 451 “incentive” recipients. Independent directors agreed with this and it was approved by the annual general meeting of shareholders 2019 on May 21, 2020. By June 16, 2020, the cancellations procedure of above restricted shares has been accomplished. For details, please refer to the notice on completion of cancellation of partial restricted stock repurchase (notice No.: 2020-049) published on Juchao information website (www.cninfo.com.cn) on June 17, 2020.

## **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)
Xianning CSG Photovoltaic Glass Co., Ltd.	2016-8-16	30,000	2017-1-3	9,330	Joint liability guarantee	3 years	No	No
Xianning CSG Photovoltaic Glass Co., Ltd.	2020-12-5	3,000			Joint liability guarantee	1 year	No	No
Xianning CSG Photovoltaic Glass Co., Ltd.	2020-12-19	5,000			Joint liability guarantee	1 year	No	No
Xianning CSG Energy-Saving Glass Co., Ltd.	2020-4-30	3,000	2020-7-10	2,000	Joint liability guarantee	1 year	No	No
Xianning CSG Energy-Saving Glass Co., Ltd.	2020-5-23	50,000	2020-10-21	1,500	Joint liability guarantee	1 year	No	No
Yichang Nanbo Photoelectric Glass Co., Ltd.	2020-5-23	2,000	2020-5-29	1,200	Joint liability guarantee	1 year	No	No
Dongguan CSG PV-tech Co., Ltd.	2020-3-6	5,500	2020-4-14	2,000	Joint liability guarantee	1 year	No	No
Dongguan CSG PV-tech Co., Ltd.	2019-8-23	30,500	2019-12-17	1,520	Joint liability guarantee	2 years	No	No
Xianning CSG Glass Co., Ltd.	2020-6-24	4,000			Joint liability guarantee	1 year	No	No
Hebei Panel Glass Co., Ltd.	2020-2-25	3,000			Joint liability guarantee	1 year	No	No
Hebei CSG Glass Co., Ltd.	2020-2-25	5,000			Joint liability guarantee	1 year	No	No
Qingyuan CSG New Energy-Saving Materials Co., Ltd.	2019-3-19	20,000	2019-3-19	12,698	Joint liability guarantee	3 years	Yes	No
Hebei CSG Glass Co., Ltd.	2017-10-10	20,000	2017-10-30	7,252	Joint liability guarantee	3 years	Yes	No
Dongguan CSG Architectural Glass Co., Ltd.	2019-12-20	18,000	2020-3-11	8,100	Joint liability guarantee	1 year	Yes	No
Wujiang CSG Glass Co., Ltd.	2019-10-28	6,000	2019-10-28		Joint liability guarantee	1 year	Yes	No
Yichang CSG Display Co., Ltd.	2019-2-26	2,432	2019-6-25	300	Joint liability guarantee	1 year	Yes	No
Xianning CSG Glass Co., Ltd.	2017-9-16	25,000	2017-9-18	6,488	Joint liability	3 years	Yes	No

Ltd.					guarantee			
Wujiang CSG Glass Co., Ltd.	2017-8-28	30,000	2017-9-13	10,261	Joint liability guarantee	3 years	Yes	No
Xianning CSG Photovoltaic Glass Co., Ltd.	2017-8-1	20,000	2017-9-7	8,100	Joint liability guarantee	3 years	Yes	No
Zhanjiang CSG New Energy Co., Ltd.	2017-7-31	9,000	2017-9-26	4,781	Joint liability guarantee	3 years	Yes	No
Yichang Nanbo Photoelectric Glass Co., Ltd.	2017-5-22	5,472	2017-5-26	1,824	Joint liability guarantee	3 years	Yes	No
Dongguan CSG PV-tech Co., Ltd.	2017-11-27	20,000	2017-12-20	7,252	Joint liability guarantee	3years	Yes	No
Chengdu CSG Glass Co., Ltd.	2020-8-24	5,000	2020-8-24	4,500	Joint liability guarantee	1 year	No	No
Chengdu CSG Glass Co., Ltd.	2020-2-25	8,000	2020-3-4	980	Joint liability guarantee	1 year	No	No
Sichuan CSG Energy Conservation Glass Co., Ltd.	2020-8-24	5,000	2020-8-24	4,500	Joint liability guarantee	1 year	No	No
Wujiang CSG Glass Co., Ltd.	2019-9-18	10,000	2019-9-20	1,780	Joint liability guarantee	1 year	No	No
Wujiang CSG Glass Co., Ltd.	2020-12-5	10,000	2020-12-9	866	Joint liability guarantee	1 year	No	No
Wujiang CSG Glass Co., Ltd.	2020-2-25	8,000	2020-3-4	1,000	Joint liability guarantee	1 year	No	No
Wujiang CSG Glass Co., Ltd.	2019-12-10	5,000	2020-4-30		Joint liability guarantee	1 year	No	No
Wujiang CSG Glass Co., Ltd.	2020-2-25	10,000	2020-5-11	1,000	Joint liability guarantee	1 year	No	No
Dongguan CSG Architectural Glass Co., Ltd.	2019-4-17	6,000	2019-8-29	1,000	Joint liability guarantee	1 year	Yes	No
Dongguan CSG Architectural Glass Co., Ltd.	2020-6-24	6,000	2020-8-18	2,000	Joint liability guarantee	1 year	No	No
Dongguan CSG Architectural Glass Co., Ltd.	2020-9-22	20,000	2020-12-25		Joint liability guarantee	1 year	No	No
Dongguan CSG Architectural Glass Co., Ltd.	2020-2-25	10,000	2020-3-26		Joint liability guarantee	1 year	No	No
Wujiang CSG East China Architectural Glass Co., Ltd.	2020-12-5	10,000	2020-12-9		Joint liability guarantee	1 year	No	No
Wujiang CSG East China Architectural Glass Co., Ltd.	2019-9-18	10,000	2019-9-20	3,648	Joint liability guarantee	1 year	No	No
Wujiang CSG East China Architectural Glass Co., Ltd.	2020-9-22	5,000			Joint liability guarantee	1 year	Yes	No
Dongguan CSG Solar Glass Co., Ltd.	2019-10-28	10,000	2019-12-17	2,625	Joint liability guarantee	2 years	No	No
Dongguan CSG Solar Glass Co., Ltd.	2020-2-25	8,000	2020-3-4	730	Joint liability guarantee	1 year	No	No
Dongguan CSG Solar Glass Co., Ltd.	2020-2-25	7,288	2020-12-1		Joint liability guarantee	1 year	No	No
Dongguan CSG Solar Glass Co., Ltd.	2020-9-22	4,500	2020-11-11		Joint liability guarantee	3 years	No	No
Dongguan CSG Solar Glass Co., Ltd.	2020-9-22	20,000	2020-12-25		Joint liability guarantee	1 year	No	No
Dongguan CSG Solar Glass Co., Ltd.	2020-4-30	5,000	2020-5-18		Joint liability guarantee	1 year	No	No
Qingyuan CSG New Energy-Saving Materials Co.,Ltd.	2019-12-10	4,330	2019-12-10	1,425	Joint liability guarantee	1 year	No	No
Qingyuan CSG New Energy-Saving Materials Co.,Ltd.	2019-12-10	5,000	2020-4-26		Joint liability guarantee	1 year	No	No
Qingyuan CSG New Energy-Saving Materials Co.,Ltd.	2019-12-10	50,000	2020-4-26	14,449	Joint liability guarantee	5 years	No	No
Yichang CSG Display Co., Ltd.	2020-5-23	5,000	2020-6-22	51	Joint liability guarantee	1 year	No	No
Yichang CSG Display Co.,	2020-5-23	5,000	2020-5-29	3,000	Joint liability	1 year	No	No

Ltd.					guarantee				
Tianjin CSG Energy-Saving Glass Co., Ltd.	2019-12-24	3,000	2020-4-9	30	Joint liability guarantee	1 year	No	No	
Tianjin CSG Energy-Saving Glass Co., Ltd.	2020-4-30	5,000	2020-6-30	2,150	Joint liability guarantee	1 year	No	No	
ZhaoqingCSG Energy-Saving GlassCo., Ltd.	2020-9-22	34,000	2020-9-25	4,362	Joint liability guarantee	5 years	No	No	
China Southern Glass (Hong Kong) Limited	2020-2-25	48,000	2020-4-4	6,312	Joint liability guarantee	1 year	No	No	
Dongguan CSG Architectural Glass Co., Ltd.	2020-6-24		2020-8-20	326	Joint liability guarantee	1 year	No	No	
Dongguan CSG Solar Glass Co., Ltd.	2020-6-24		2020-8-20		Joint liability guarantee	1 year	No	No	
Dongguan CSG PV-tech Co., Ltd.	2020-6-24		2020-8-20	970	Joint liability guarantee	1 year	No	No	
Qingyuan CSG New Energy-Saving Materials Co.,Ltd.	2020-6-24		2020-8-20	803	Joint liability guarantee	1 year	No	No	
Hebei Panel Glass Co., Ltd.	2020-6-24		2020-8-20		Joint liability guarantee	1 year	No	No	
Chengdu CSG Glass Co.,Ltd.	2020-6-24		2020-8-20		Joint liability guarantee	1 year	No	No	
Sichuan CSG Energy Conservation Glass Co., Ltd.	2020-6-24		2020-8-20	610	Joint liability guarantee	1 year	No	No	
Xianning CSG Glass Co., Ltd.	2020-6-24		2020-8-20		Joint liability guarantee	1 year	No	No	
Xianning CSG Energy-Saving Glass Co., Ltd.	2020-6-24		2020-8-20	130	Joint liability guarantee	1 year	No	No	
Wujiang CSG East China Architectural Glass Co., Ltd.	2020-6-24		2020-8-20	543	Joint liability guarantee	1 year	No	No	
Tianjin CSG Energy-Saving Glass Co., Ltd.	2020-6-24		2020-8-20	2,971	Joint liability guarantee	1 year	No	No	
Xianning CSG Photovoltaic Glass Co., Ltd.	2020-2-25		2020-6-24		Joint liability guarantee	1 year	No	No	
Dongguan CSG Jingyu New Material Co., Ltd.	2020-2-25				Joint liability guarantee	1 year	No	No	
Total amount of approving guarantee for subsidiaries in report period (B1)			245,436	Total amount of actual occurred guarantee for subsidiaries in report period (B2)				67,083	
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)			472,118	Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)				79,311	
Total amount of guarantee of the Company( total of three abovementioned guarantee)									
Total amount of approving guarantee in report period (A1+B1+C1)			245,436	Total amount of actual occurred guarantee in report period (A2+B2+C2)				67,083	
Total amount of approved guarantee at the end of report period (A3+B3+C3)			472,118	Total balance of actual guarantee at the end of report period (A4+B4+C4)				79,311	
The proportion of the total amount of actual guarantee in the net assets of the Company(that is A4+ B4+C4)									7.77%
Including:									
Total amount of the aforesaid three guarantees(D+E+F)									0
Amount of guarantee for shareholders, actual controller and its related parties(D)									0
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(E)									0
Proportion of total amount of guarantee in net assets of the Company exceed 50%(F)									0
Total amount of the aforesaid three guarantees(D+E+F)									0
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if any)									N/A
Explanations on external guarantee against regulated procedures(if any )									N/A
Explanations on Guarantee of the Company for the subsidiaries				The total Guarantee limit was RMB 2,454.36million in the report period. The Company and its wholly-owned subsidiary Yichang CSG Polysilicon Co., Ltd. jointly guaranteed for Dongguan CSG PV-tech Co., Ltd. The Company has carried out the bill pool business of 400 million. The Company and its holding subsidiaries can adopt various					

	guarantee methods such as pledge of maximum amount, general pledge, pledge of certificates of deposit, pledge of bills, pledge of security deposit and so on for the establishment and use of the bill pool.
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**(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

No entrusted financing in the report period.

**(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	0	0

Note:

After deliberated and approved by the company's eighth interim meeting of the board of directors held on December 20, 2019, the Company issued entrusted loans to Tengchong Yuezhou Water Investment and Development Co., Ltd., with a total amount of entrusted loans of RMB 300 million. The validity period of the entrusted loan was 3 months, and the annualized interest rate of the entrusted loan was 8.5%. On March 24, 2020, the principal and income of the entrusted loan had been recovered according to the contract.

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. Major contracts for daily operation**

Applicable  Not applicable

Name of company signing the contract	Name of the other party signing the contract	Subject matter	Total contract amount	Progress of contract performance	Amount of sales revenue recognized in the current period and accumulated	Collection of accounts receivable
Wujiang CSG Glass Co., Ltd.,	LONGi Solar Technology Ltd.,	Photovoltaic glass	RMB 6,500 million (tax	In progress	The recognized income was	RMB 75.94million

Dongguan CSG Solar Glass Co., Ltd.	Zhejiang LONGi Solar Technology Ltd., Taizhou LONGi Solar Technology Ltd., Yinchuan LONGi Solar Technology Ltd., Chuzhou LONGi Solar Technology Ltd., Datong LONGi Solar Technology Ltd., LONGi (H.K.) Trading Limited, LONGi (KUCHING) SDN. BHD., Xianyang LONGi Solar Technology Ltd., Jiangsu LONGi Solar Technology Ltd., Jiaxing LONGi Solar Technology Ltd., Xi'an LONGi Green Building Technology Ltd.		included)		RMB 134.36 million in this period, and the accumulated recognized income was RMB 134.36 million.	
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There is a significant difference between the progress of the major contract and the contract agreement, which affects more than 30% of the contract amount

Applicable  Not applicable

## 5. 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

2020 Annual Social Responsibilities Report of CSG is the 13th annual report released by the Company consecutively. The report focusing on the year of 2020, systemically formulated the Company concrete actions of how to positively perform the social responsibilities, and the efforts to implement the “Scientific Development Perspective”, building up a harmonious society, and advancing the sustainable development of economic and society. See the full report on [www.cninfo.com.cn](http://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

Yes

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	Dust\Soot\	Discharge after	16	Chimney.	Dust≤30mg/m <sup>3</sup> ;	《Emission standard	Particulates:17.0	Particulates:	Reach the



CSG Glass Co., Ltd.	SO <sub>2</sub> \ Nitrogen oxide	the treatment of denitrification and dust removal		Exhaust vent	Soot≤40 mg/m <sup>3</sup> ; SO <sub>2</sub> ≤300 mg/m <sup>3</sup> ; NOx≤350 mg/m <sup>3</sup> .	of air pollutants for flat glass industry》(GB26453-2011)	0t; SO <sub>2</sub> :136.05t; NOx:324.91t.	96.82t/a; SO <sub>2</sub> :636.5t/a Nitrogen oxides: 1113.89t/a	discharge standard
Chengdu CSG Glass Co., Ltd	Dust \ Soot \ SO <sub>2</sub> \ Nitrogen oxide	Discharge after the treatment of denitrification and dust removal	15	Chimney, exhaust vent	Dust≤30mg/m <sup>3</sup> ; Soot≤20mg/m <sup>3</sup> ; SO <sub>2</sub> ≤200mg/m <sup>3</sup> ; NOx≤350mg/m <sup>3</sup> .	《Emission standard of air pollutants for flat glass industry》(GB26453-2011)	Particulates:21.52t; SO <sub>2</sub> : 361.69t; NOx :627.89t.	Particulates: 142.114t/a; SO <sub>2</sub> :1136.917t/a ; NOx: 1989.609t/a.	Reach the discharge standard
Hebei CSG Glass Co., Ltd.	Dust \ Particulates \ SO <sub>2</sub> \ Nitrogen oxide	Discharge after denitrification, desulfurization and dust removal treatment	12	Chimney, exhaust vent	Dust≤10mg/m <sup>3</sup> ; Particulates≤10mg/m <sup>3</sup> ; SO <sub>2</sub> ≤50mg/m <sup>3</sup> ; NOx≤200mg/m <sup>3</sup> .	《Emission standard of air pollutants for flat glass industry》DB13/2168-2015Hebei local standard	Particulates:4.133t; SO <sub>2</sub> :28.543t; NOx :201.192t.	Particulates: 59.78t/a; SO <sub>2</sub> :498.18t/a; NOx: 982.2t/a.	Reach the discharge standard
Wujiang CSG Glass Co., Ltd	Particulates \ SO <sub>2</sub> \ Nitrogen oxide	Discharge after the treatment of denitrification and dust removal	39	Chimney, exhaust vent	Particulates≤15mg/m <sup>3</sup> ; SO <sub>2</sub> ≤50 mg/m <sup>3</sup> ; NOx≤150 mg/m <sup>3</sup> .	《Emission standard of air pollutants for flat glass industry》(GB26453-2011)	Particulates: 44.026t; SO <sub>2</sub> :175.27t; NOx :559.75t.	Particulates: 76.91t/a; SO <sub>2</sub> :238.28t/a; NOx: 818.04t/a.	Reach the discharge standard
Dongguan CSG Solar Glass Co., Ltd.	dust \ soot \ SO <sub>2</sub> \ Nitrogen oxide	Discharge after the treatment of denitrification and dust removal	22	Chimney, exhaust vent	dust≤20mg/m <sup>3</sup> ; soot≤20 mg/m <sup>3</sup> ; SO <sub>2</sub> ≤400 mg/m <sup>3</sup> ; NOx≤550 mg/m <sup>3</sup> .	《Emission standard of air pollutants for flat glass industry》(GB26453-2011)	Particulates9.72t ; SO <sub>2</sub> : 209.22t; NOx :359.88t.	Particulates: 34.85t/a; SO <sub>2</sub> :300.99t/a ; NOx: 535.67t/a.	Reach the discharge standard
Dongguan 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: 6~9; COD≤5mg/L; Ammonia nitrogen≤0.537mg/L.	《Guangdong Province water pollutant emission limit》(DB44/26-2001) Second period Level 1 Standard	COD:0.257; Ammonia nitrogen:0.047t.	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	The wastewater is discharged after being treated by the sewage station, and the exhaust gas is discharged after being treated by the exhaust gas treatment tower.	20	Sewage vent, Exhaust vent	COD≤70 mg/L; exhaust: NOx≤30mg/m <sup>3</sup> ; HF≤30 mg/m <sup>3</sup> .	《Guangdong Province water pollutant emission limit》(DB44/26-2001) Second period first level standard; 《Battery industry pollutant discharge standards》(GB30484-2013) .	waste water: COD: 2.05t; Exhaust: Nitrogen oxide: 8.91t; VOC: 0.89t.	waste water: COD: 14.04t/a; exhaust: Nitrogen oxide: 8.91t; VOC: 0.89t.	Reach the discharge standard
Hebei Panel Glass Co., Ltd.	Dust \ Soot \ SO <sub>2</sub> \ Nitrogen oxide	Discharge after the treatment of denitrification and dust removal	5	Chimney, exhaust vent	dust≤30mg/m <sup>3</sup> ; soot≤10 mg/m <sup>3</sup> ; SO <sub>2</sub> ≤50 mg/m <sup>3</sup> ; NOx≤200mg/m <sup>3</sup> .	《Electrical Glass Industry Air Pollutant Emission Standards》(GB29495-2013)	Particulates:0.191t; SO <sub>2</sub> : 0.982t; NOx: 8.339t.	Particulates: 8.2125t/a; SO <sub>2</sub> : 22t/a; NOx: 39.4t/a.	Reach the discharge standard
Yichang CSG Display Co., Ltd.	COD \ Ammonia nitrogen \ Nitrogen oxide	The waste water is discharged after being treated by the sewage station, and the exhaust gas is discharged after being treated by the exhaust gas treatment tower.	2	Sewage vent, Exhaust vent	COD≤500mg/ ; NOx<240mg/m <sup>3</sup> .	《Sewage Integrated Emission Standards》Level 3 Standard (GB8978-1996); 《The Integrated Emission Standard of Air Pollutants》(GB16297-1996)	COD:51.94t.	COD: 99.5t/a; Nitrogen oxide: 22.4t/a.	Reach the discharge standard
Xianning CSG Photovoltaic Glass Co., Ltd	Dust \ Soot \ SO <sub>2</sub> \ Nitrogen oxide	Discharge after the treatment of denitrification and dust removal	6	Chimney, Exhaust vent	Dust≤20mg/m <sup>3</sup> ; Soot≤15 mg/m <sup>3</sup> ; SO <sub>2</sub> ≤10 mg/m <sup>3</sup> ; NOx≤350 mg/m <sup>3</sup> .	《Electrical Glass Industry Air Pollutant Emission Standards》(GB29495-2013)	Particulates:2.16t; 2.065t; NOx: 63.571t. SO <sub>2</sub> : 0.101t.	Particulates: 117.656t/a; SO <sub>2</sub> : 65.6t/a; Nitrogen oxide: 163.81t/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.

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

AG+AF glass cover expansion project of Yichang CSG Display Co., Ltd. had completed the environmental impact assessment work and obtained approval in 2019, and is currently in the construction stage. The easy-clean glass coating production line project of Xianning CSG Energy-saving Glass Co., Ltd. had undergone an environmental impact assessment and obtained approval in 2018. The construction of the project has been completed and is currently in the trial production stage. Qingyuan CSG Energy-saving New Materials Co., Ltd. has an annual production capacity of 200,000 tons of special glass expansion project in 2019. The environmental impact assessment and approval were obtained. The project is in the trial production stage. Anhui CSG New Energy Material Technology Co., Ltd. had already carried out an environmental impact assessment and obtained approval in 2020 for the project of manufacturing base for lightweight and high-transparent panels for solar equipment. Zhaoqing CSG Energy-saving Glass Co., Ltd. Zhaoqing Energy-saving CSG Group's energy-saving project had conducted an environmental impact assessment and obtained approval in 2020, and the project is in the construction stage. The expansion project of special glass with an annual production capacity of 300,000 tons of Sichuan CSG Energy Conservation Glass Co., Ltd. had undergone an environmental impact assessment and obtained approval in 2020, and the project is in the construction stage. Other new projects of the subsidiary that do not involve changes in production capacity have also carried out the "three simultaneous" work of environmental protection in construction projects, and have obtained pollutant discharge permits within the validity period. In accordance with relevant national regulations, all subsidiaries have timely carried out pollution discharge declarations, carried out pollution discharge declaration monitoring and paid environmental taxes.

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 2020.

Environmental self-monitoring scheme

Subsidiaries have built wastewater and exhaust gas online monitoring devices in accordance with the requirements of national laws and regulations, construction project environmental impact assessment documents and their approvals, and are operating normally. They have regularly carried out effectiveness comparison audits of online monitoring facilities, and entrusted third-party units to carry out Manual environmental monitoring is implemented to comprehensively monitor the discharge of pollutants, and the monitoring frequency shall be implemented in accordance with relevant monitoring technical guidelines or pollution discharge permits.

Other environmental information to be disclosed

Nil.

Other information related to environment protection

Nil.

## **XIX. Statement on other important matters**

Applicable  Not applicable

### 1. 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. On February 21, 2020, the company issued ultra-short-term financing bonds with a total amount of 300 million yuan and a term of 270 days in the first phase of 2020, with an interest rate of 4% and a payment date of November 21, 2020.

On June 15, 2020, the Company the third extraordinary general meeting of shareholders 2020 deliberated and approved the proposal on application for registration and issuance of ultra-short-term financing bills and medium-term notes, which agreed that the Company should register and issue ultra-short-term financing bills with a registered amount not exceeding 1.5 billion yuan (the limit is not subject to the limit of 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 September 4, 2020, the NAFMII held its 102nd registration meeting in 2020 and decided to accept the registration of ultra-short-term financing bills with a total of 1.5 billion yuan and a validity period of two years.

### 2. 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 July 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 June 15, 2020, the Third Extraordinary Shareholders' General Meeting 2020 of CSG deliberated and approved the proposal on application for registration and issuance of ultra-short-term financing bills and medium-term notes, which agreed that the Company should register and issue medium-term notes with a registered amount not exceeding 1.5 billion yuan. 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 September 4, 2020, the NAFMII held the 102nd registration meeting in 2020 and decided to accept the company's registration of medium-term notes with a total of 1.5 billion yuan and a validity period of two years.

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

### 3. Public issuance of corporate bonds

On March 2, 2017, the 2nd Extraordinary General Meeting of Shareholders in 2017 reviewed and approved "the Proposal on the Public Issuance of Corporate Bonds for Qualified Investors". On February 27, 2019, the First Extraordinary General Meeting of Shareholders in 2019 The "Proposal on Extending the Validity Period of the Shareholders' Meeting for the Public Offering of Corporate Bonds to Qualified Investors" agreed to issue corporate bonds with a total issue of no more than RMB 2 billion and a term of no more than 10 years. On June 26, 2019, the Company received the "Approval of Approving CSG Holding Co., Ltd. to Issue Corporate Bonds to Qualified Investors" issued by China Securities Regulatory Commission (ZJXK [2019] No. 1140). On March 24, 2020 and March 25, 2020, the Company issued the first batch of corporate bonds with total amount of RMB 2 billion and valid term of 3 years at the issuance rate of 6%, which will be redeemed on March 25, 2023(for details, please refer to "Section IX Corporate Bonds").

On March 12, 2020, the First Extraordinary General Meeting of Shareholders in 2020 reviewed and approved "the Proposal on the Public Issuance of Corporate Bonds for Qualified Investors", agreed to issue corporate bonds with a total issue of no more than RMB 1.8 billion and a term of no more than 10 years. On April 22, 2020, the Company received the "Approval of Approving CSG Holding Co., Ltd. to Issue Corporate Bonds to Qualified Investors" issued by China Securities Regulatory Commission (ZJXK[2020] No. 784).

### 4. The situation of meeting of medium term note holders during the report period

On May 29, 2020, the Company issued "Announcement on Holding 2015 First-term Medium-term Noteholders' Meeting of CSG in 2020" and "Announcement on Holding 2018 First-term Medium-term Noteholders' Meeting of CSG in 2020" due to capital reduction caused by repurchase and cancellation of part of restricted stocks of restricted stock incentive plan and repurchase and cancellation of restricted stocks that had not reached the unlocking condition of the third unlock period. On June 12, 2020, the Company's 2015 first-term medium-term noteholders' meeting, 2018 first-term 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 was 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.

### 5. Entrusted loans

With the approval of the interim meeting of the 8th board of directors of the Company held on December 20, 2019, the Company issued RMB 300 million entrusted loans to Tengchong Yuezhou Water Investment and Development Co., Ltd, with valid term of three months and annual interest rate at 8.5%. By March 24, 2020, the principal and income of the entrusted loan had been recovered as agreed in contract.

### 6. Non-public issuance of A shares

The interim meeting of the 8th board of directors of the Company held on March 5, 2020 deliberated and approved the related proposals of non-public issuance of A shares, and agreed the Company to issue A shares privately. The proposals were deliberated and approved by the 2nd Extraordinary General Meeting of Shareholders of 2020 which

held on April 16, 2020. In May 2020, the Company received the first feedback notice on the examination of administrative licensing projects of China Securities Regulatory Commission (No. 200819) issued by the China Securities Regulatory Commission, and published “Announcement on Reply to the Feedback of Application Documents For Non-public Offering of A shares” and “Announcement on the Revised Reply to the Feedback of Application Documents For Non-public Offering of A shares” on June 8, 2020 and June 29, 2020 respectively. On June 5, 2020, the Company held an interim meeting of the 9th board of directors, deliberated and approved the relevant proposals on adjusting the Company's non-public issuance of A shares. On July 6, 2020, the Issuance Audit Committee of China Securities Regulatory Commission reviewed the Company's application for non-public issuance of A shares. According to the audit results, the Company's application for non-public issuance of A shares was approved. On July 22, 2020, the Company received the “Reply on the Approval of Non-public Issuance of Shares of CSG” (ZJXK [2020] No. 1491) issued by China Securities Regulatory Commission.

## **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

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	41,770,770	1.34%				-38,446,792	-38,446,792	3,323,978	0.11%
1. State-owned shares									
2. State-owned legal person's shares									
3. Other domestic shares	41,770,770	1.34%				-38,446,792	-38,446,792	3,323,978	0.11%
Including: Domestic legal person's shares									
Domestic natural person's shares	41,770,770	1.34%				-38,446,792	-38,446,792	3,323,978	0.11%
4. Foreign shares									
Including: Foreign legal person's shares									
Foreign natural person's shares									
II. Unrestricted shares	3,066,425,393	98.66%				942,736	942,736	3,067,368,129	99.89%
1. RMB Ordinary shares	1,957,059,361	62.96%				939,708	939,708	1,957,999,069	63.76%
2. Domestically listed foreign shares	1,109,366,032	35.69%				3,028	3,028	1,109,369,060	36.13%
3. Overseas listed foreign shares									
4. Others									
III. Total shares	3,108,196,163	100%				-37,504,056	-37,504,056	3,070,692,107	100%

Note: The number of shares before the change in the report was adjusted compared with the ending amount in the Annual Report 2019, which was due to the adjustment of the current restricted shares by China Securities Depository and Clearing Corporation Limited before the opening of the first trading day in 2020.

#### Reasons for equity changes

Applicable Not applicable

1. The company's total shares were reduced by 37,504,056 due to the repurchase of some restricted stock in the restricted stock incentive program and the repurchase of restricted stock that did not meet the unlocking conditions of the third unlocking period.

2. 942,736 shares locked by the outgoing supervisors and senior executives were unlocked at maturity.

3. 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 Proposal on Repurchase and Cancellation of Part of Restricted Stocks of Restricted Stock Incentive Plan was deliberated and approved by the interim meeting of the Eighth Board of Directors and the interim meeting of the Eighth Board of Supervisors held on September 16, 2019, and was deliberated and approved by the Fourth Extraordinary General Meeting of Shareholders of 2019.

2. The Company's Proposals on Repurchase and Cancellation of Part of Restricted Stocks of Restricted Stock Incentive Plan and Repurchase and Cancellation of Restricted Stocks That Had Not Reached The Unlocking Condition of The

Third Unlock Period were deliberated and approved by the 11<sup>th</sup> meeting of the Eighth Board of Directors and the 11<sup>th</sup> meeting of the Eighth Board of Supervisors held on April 28, 2020, and were deliberated and approved by the 2019 Annual General Meeting of Shareholders.

Transfer of ownership of changes in shares

Applicable Not applicable

1. The Company repurchased and cancelled all restricted stocks held by 32 unqualified original incentive objects and the restricted stocks held by 451 incentive objects that did not meet the unlocking conditions of the third unlock period. As of June 16, 2020, the Company had completed the cancellation procedures for the above-mentioned restricted stocks in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

2. For the change of senior management and lockup of their shareholdings, Shenzhen Branch of China Securities Depository and Clearing Corporation Limited 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

Shareholders' name	Number of shares restricted at the beginning of the period <sup>(Note 1)</sup>	Number of shares released in the Period	Number of shares repurchased in the period <sup>(Note 2)</sup>	Number of new shares restricted in the Period	Number of shares restricted at the end of the Period	Reason for restriction	Released date
Chen Lin	2,130,274		1,217,300		912,974	Executive lockup stocks of 912,974 shares	Releasing of executive lockup stocks will be implemented according to relevant policies.
Wang Jian	1,328,250		759,000		569,250	Executive lockup stocks	Releasing of executive lockup stocks will be

						of 569,250 shares	implemented according to relevant policies.
Lu Wenhui	1,597,705		912,975		684,730	Executive lockup stocks of 684,730 shares	Releasing of executive lockup stocks will be implemented according to relevant policies.
He Jin	1,178,100		673,200		504,900	Executive lockup stocks of 504,900 shares	Releasing of executive lockup stocks will be implemented according to relevant policies.
Yang Xinyu	1,521,623		869,499		652,124	Executive lockup stocks of 652,124 shares	Releasing of executive lockup stocks will be implemented according to relevant policies.
Core Management Team	22,729,518		22,729,518		0	--	--
Technology and Business Backbone	9,389,997		9,389,997		0	--	--
Others	1,895,303	942,736	952,567		0		
<b>Total</b>	<b>41,770,770</b>	<b>942,736</b>	<b>37,504,056</b>		<b>3,323,978</b>	<b>--</b>	<b>--</b>

Note 1: The number of shares restricted at the beginning of the period in the above table was adjusted compared with the ending amount in the Annual Report 2019, which was due to the adjustment of the current restricted shares by China Securities Depository and Clearing Corporation Limited before the opening of the first trading day in 2020.

Note 2: The Company repurchased and cancelled all restricted stocks held by 32 unqualified original incentive objects and the restricted stocks, a total of 37,504,056 shares held by 451 incentive objects that did not meet the unlocking conditions of the third unlock period. As of June 16, 2020, the Company had completed the cancellation procedures for the above-mentioned restricted stocks in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

Note 3: 942,736 shares locked by the outgoing supervisors and senior executives were unlocked at maturity.

## II. Issuance and listing of Securities

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

Applicable     Not applicable

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

Applicable     Not applicable

1. On September 16, 2019, 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 Cancellation part of Restricted Stocks of Restricted Stock Incentive Plan", considered and agreed to repurchase and cancel the total of 1,281,158 shares of 18 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 fourth extraordinary general meeting of shareholders in 2019, held on October 10, 2019. By June 16, 2020, the cancellations procedure of above restricted shares has been accomplished.



2. On April 28, 2020, the company held the 11th meeting of the 8th board of directors, and the 11th meeting of the 8th board of supervisors. The meetings approved the “Proposal concerning the repurchase and cancellation of some restricted shares from the ‘incentive plan’ of restricted shares”, and the “Proposal concerning the repurchase and cancellation of restricted shares failing to meet the third-term unlocking condition”. The meetings approved to repurchase and cancel a total of 909,936 restricted shares which have already been granted to and held by 14 recipients who are unqualified for the “incentive plan”, and repurchase and cancel a total of 35,312,962 restricted shares failing to meet the third-term unlocking condition from 451 “incentive” recipients. Independent directors agreed with this and it was approved by the annual general meeting of shareholders 2019 on May 21, 2020. By June 16, 2020, the cancellations procedure of above restricted shares has been accomplished.

### 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	146,594	Total shareholders at the end of the month before this annual report disclosed	139,532	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. – HailiNiannian	Domestic non state-owned legal person	15.19%	466,386,874			466,386,874		
Foresea Life Insurance Co., Ltd. – Universal Insurance Products	Domestic non state-owned legal person	3.86%	118,425,007			118,425,007		
Zhongshan Runtian Investment Co., Ltd.	Domestic non state-owned legal person	2.82%	86,633,447	86,633,447		86,633,447	Pledged	67,650,000
Hong Kong Securities Clearing Co., Ltd.	Foreign legal person	2.75%	84,292,647	48,968,321		84,292,647		
Foresea Life Insurance Co., Ltd. – Own Fund	Domestic non state-owned legal person	2.11%	64,765,161			64,765,161		
Central Huijin Asset Management Ltd.	State-owned legal person	1.89%	57,915,488			57,915,488		
China Galaxy International Securities (Hong Kong) Co., Limited	Foreign legal person	1.35%	41,349,778	-194,592		41,349,778		
China Merchants Securities (HK) Co., Limited	State-owned legal person	1.15%	35,243,630	2,784,693		35,243,630		
Shenzhen International Holdings (SZ) Limited	State-owned legal person	0.95%	29,095,000			29,095,000		
VANGUARD EMERGING	Foreign legal	0.64%	19,584,997	264,764		19,584,997		

MARKETS STOCK INDEX FUND	person						
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.-HailiNiannian, Foresea Life Insurance Co., Ltd.-Universal Insurance Products, Foresea Life Insurance Co., Ltd.-Own Fund are all held by Foresea Life Insurance Co., Ltd. Shenzhen Jushenghua Co., Ltd. is a related legal person of Foresea Life Insurance Co., Ltd. and Chengtai Group Co., Ltd., another related legal person of Foresea Life Insurance Co., Ltd, which held 40,187,904 shares via China Galaxy International Securities (Hong Kong) Co., Limited. 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 year-end	Type of shares					
		Type	Amount				
Foresea Life Insurance Co., Ltd. – HailiNiannian	466,386,874	RMB ordinary shares	466,386,874				
Foresea Life Insurance Co., Ltd. – Universal Insurance Products	118,425,007	RMB ordinary shares	118,425,007				
Zhongshan Runtian Investment Co., Ltd.	86,633,447	RMB ordinary shares	86,633,447				
Hong Kong Securities Clearing Co., Ltd.	84,292,647	RMB ordinary shares	84,292,647				
Foresea Life Insurance Co., Ltd. – Own Fund	64,765,161	RMB ordinary shares	64,765,161				
Central Huijin Asset Management Ltd.	57,915,488	RMB ordinary shares	57,915,488				
China Galaxy International Securities (Hong Kong) Co., Limited	41,349,778	Domestically listed foreign shares	41,349,778				
China Merchants Securities (HK) Co., Limited	35,243,630	Domestically listed foreign shares	35,243,630				
Shenzhen International Holdings (SZ) Limited	29,095,000	RMB ordinary shares	29,095,000				
VANGUARD EMERGING MARKETS STOCK INDEX FUND	19,584,997	Domestically listed foreign shares	19,584,997				
Statement on associated relationship or consistent action among the above shareholders:	Among shareholders as listed above, Foresea Life Insurance Co., Ltd.-HailiNiannian, Foresea Life Insurance Co., Ltd.-Universal Insurance Products, Foresea Life Insurance Co., Ltd.-Own Fund are all held by Foresea Life Insurance Co., Ltd. Shenzhen Jushenghua Co., Ltd. is a related legal person of Foresea Life Insurance Co., Ltd. and Chengtai Group Co., Ltd., another related legal person of Foresea Life Insurance Co., Ltd, which held 40,187,904 shares via China Galaxy International Securities (Hong Kong) Co., Limited. Except for the above-mentioned shareholders, it is unknown whether other shareholders belong to related party or have associated relationship regulated by the Management Regulation of Information Disclosure on Change of Shareholding for Listed Companies.						
Explanation on shareholders involving margin business (if applicable)	N/A						

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 657,577,954 shares of the Company via Foresea Life Insurance Co., Ltd.-HailiNiannian, 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 21.41% of the Company's total shares; its person acting in concert Zhongshan Runtian Investment Co., Ltd. held 86,633,447 shares, which accounts for 2.82% of the Company's total shares; its person acting in concert Chengtai Group Co., Ltd. held 51,709,088 shares of B-share via China Galaxy International Securities (Hong Kong) Co., Ltd and Guosen Securities (Hong Kong) Brokerage Co., Limited, which accounts for 1.68% of the Company's total shares. Foresea Life Insurance and its persons acting in concert totally held 25.92% of the Company's total shares, which is less than 30%, meanwhile, the number of directors recommended by Foresea Life Insurance and its persons acting in concert 1 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 controlling shareholder. Foresea Life Insurance Co., Ltd. is the Company's largest shareholder that has totally held 657,577,954 shares of the Company via Foresea Life Insurance Co., Ltd.–HailiNiannian, 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 21.41% of the Company's total shares; its person acting in concert Zhongshan Runtian Investment Co., Ltd. held 86,633,447 shares, which accounts for 2.82% of the Company's total shares; its person acting in concert Chengtai Group Co., Ltd. held 51,709,088 shares of B-share via China Galaxy International Securities (Hong Kong) Co., Ltd and Guosen Securities (Hong Kong) Brokerage Co., Limited, which accounts for 1.68% of the Company's total shares. Foresea Life Insurance and its persons acting in concert totally held 25.92% of the Company's total shares, which is less than 30%, meanwhile, the number of directors recommended by Foresea Life Insurance and its persons acting in concert 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

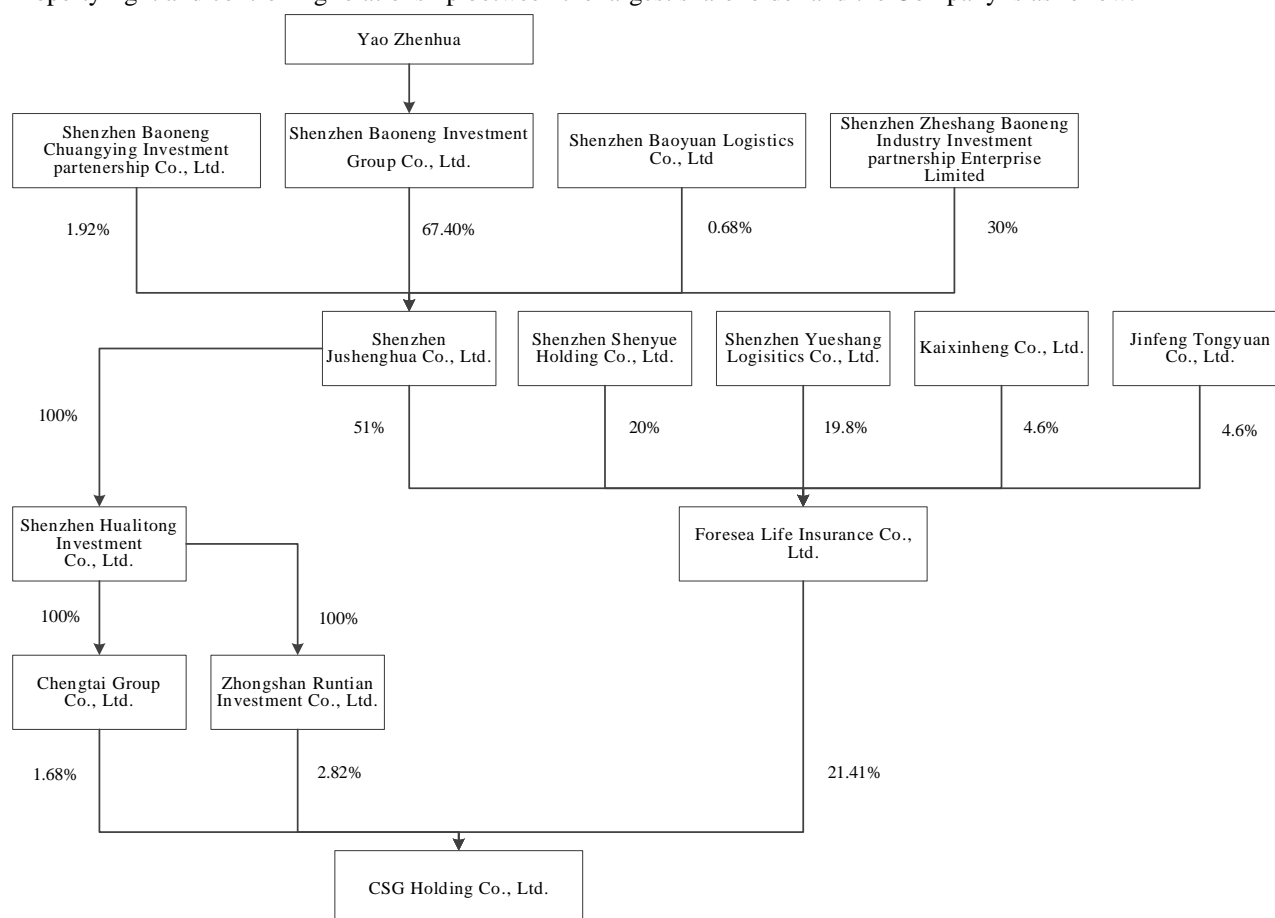
Shares held in ultimate controlling level

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:



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	49	2016-11-19	2023-05-21	2,840,365			-1,217,300	1,623,065
Wang Jian	Secretary of the Party Committee, Director of the Board, CEO	Currently in office	Male	57	2016-01-21	2023-05-21	1,771,000			-759,000	1,012,000
Zhu Guilong	Independent Director	Currently in office	Male	57	2017-05-02	2023-05-21					
Zhu Qianyu	Independent Director	Currently in office	Female	46	2019-04-10	2023-05-21					
Xu Nianhang	Independent Director	Currently in office	Male	43	2020-05-21	2023-05-21					
Zhang Jinshun	Director	Currently in office	Male	56	2017-05-02	2023-05-21					
Cheng Xibao	Director	Currently in office	Female	39	2016-01-21	2023-05-21					
Cheng Jinggang	Director	Currently in office	Male	40	2020-05-21	2023-05-21					
Yao Zhuanghe	Director	Currently in office	Male	62	2020-05-21	2023-05-21					
Li Jianghua	Chairman of the Supervisory Board, Employee Supervisor	Currently in office	Male	44	2019-03-27	2023-05-21					
Gao Changkun	Employee Supervisor	Currently in office	Female	52	2018-08-30	2023-05-21					
Meng Lili	Supervisor	Currently in office	Male	43	2020-05-21	2023-05-21					
Lu Wenhui	Executive Vice President	Currently in office	Male	58	2017-02-23	2023-05-21	2,130,273			-912,975	1,217,298
He Jin	Vice president	Currently in office	Male	49	2018-04-08	2023-05-21	1,570,800			-673,200	897,600
Yang Xinyu	Secretary of the Board	Currently in office	Male	41	2017-05-02	2023-05-21	2,028,831			-869,499	1,159,332
Zhan Weizai	Independent Director	Post leaving	Male	57	2016-12-14	2020-05-21					
Ye Weiqing	Director	Post leaving	Female	49	2016-01-21	2020-05-21					
Li Xinjun	Supervisor	Post leaving	Male	53	2017-01-13	2020-05-21					
Total	--	--	--	--	--	--	10,341,269			-4,431,974	5,909,295

Note: Due to the Company's failure to meet the performance conditions for unlocking restricted shares in the third release period of the Incentive Plan for A-share Restricted Shares in 2017, the restricted shares held by the above directors Chen Lin, Wang Jian and senior executives Lu Wenhui, He Jin and Yang Xinyu which expected to be released from the restrictions in the third unlocking period could not be unlocked and were repurchased and cancelled by the Company, with a total of 4,431,974 shares.

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

√Applicable □ Not applicable

Name	Title	Type	Date	Reason
Xu Nianhang	Independent Director	Be Elected	21 May 2020	Election of the Board of Directors
Cheng Jinggang	Director	Be Elected	21 May 2020	Election of the Board of Directors
Yao Zhuanghe	Director	Be Elected	21 May 2020	Election of the Board of Directors
Meng Lili	Supervisor	Be Elected	21 May 2020	Election of the Board of Supervisors
Zhan Weizai	Independent Director	Post leaving	21 May 2020	Left the post when the term expired
Ye Weiqing	Director	Post leaving	21 May 2020	Left the post when the term expired
Li Xinjun	Supervisor	Post leaving	21 May 2020	Left the post when the term expired

## 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., Chairman of Board of Supervisors of Xinjiang Qianhai United Property & Casualty Insurance Co., Ltd., Supervisors of Shenzhen Jushenghua 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, Director of the Board and CEO of the Company.

**Zhu Guilong:** took posts of researcher of the Institute of Forecasting and Development at Hefei University of Technology, 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, Executive Director of Chinese Association For Science of Science and S&T Policy, Vice Chairman of Guangdong Institute of Technical Economy and Management Modernization, Vice Chairman of Guangdong Economic Society, Independent Director of GRG BANKING EQUIPMENT CO., Ltd., Independent Director of Guangzhou Kingmed Diagnostics Group Co., Ltd., Independent Director of Guangzhou bank Co., Ltd., Director of Jiangxi Jiufeng Energy Co., Ltd. Director of Guangdong Yiji Network Co., Ltd., Director of CS Richland Asset Co., Ltd., Director of Guangzhou Nuocheng Biological Products Co., Ltd., and Independent Director of the Company.

**Zhu Qianyu:** took posts of lecturer and associate professor of School of Finance of South-Central University For Nationalities, Postdoctoral in Finance Department of Guanghua School of Management at Peking University, and researcher of Peking University Finance and Securities Research Center. At present, she is associate professor at Renmin University of China, independent director of Kingfa SCI.&TECH. Co., Ltd., independent director of LandOcean Energy Services Co., Ltd. and independent director of the Company.

**Xu Nianhang:** took posts of postdoctoral researcher in the Department of finance, Guanghua School of management, Peking University, lecturer and associate professor in the Business School of Renmin University of China, independent director of Danhua Chemical Technology Co., Ltd., and independent director of Ledor Spatial Information Technology Corporation; At present, he is the director, professor and doctoral advisor of the Department of Finance and finance, Business School of Renmin University of China, an independent director of Xisteel Group Co., Limited, independent director of Fujian Newchoice Pipe Technology Co., Ltd., independent director of Chongqing Three Gorges Bank Co., Ltd. (unlisted company), independent director of Beijing iHandy Mobile Inc. (unlisted company), independent director of Inner Mongolia Dazhong Mining Co., Ltd. (unlisted company) 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, Secretary of the Party Committee and Chairman of Board of Ping An Trust Co., Ltd., General Manager of Chang'an International Trust Co., Ltd..At present, he is Deputy Chairman of the Board of Shenzhen Baoneng Investment Group Co., Ltd., President and CEO of Shenzhen Jushenghua Co., Ltd., Chairman of Board of Foresea Life Insurance Co., Ltd., Chairman of Board of Baoneng 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, Vice President of Shenzhen Baoneng Investment Group Co., Ltd..At present, she is Senior Vice President of Shenzhen Baoneng Investment Group Co., Ltd., Executive 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., Director of Guizhou Baoneng Automobile Co., Ltd., Director of Shenzhen ShenzhenBaoneng Travel Co., LTD., Supervisor of Guizhou Baoneng Automobile Co., Ltd., and Director of the Company.

**Cheng Jinggang:** took posts of credit analyst of Dagong Global Credit Rating Co., Ltd., senior credit analyst of the fixed income department of Funde Sino Life Insurance Co., Ltd., senior manager of the credit evaluation department of Sino Life Asset Management Co., Ltd., and supervisor of Guangdong Shaoneng Group Co., Ltd.; At present, he is Deputy Director of the Asset Management Center of Foresea Life Insurance Co., Ltd., Chairman of the Board of Supervisors of Nanning Baihuo Co., Ltd., Director of Guangdong Shaoneng Group Co., Ltd., and Director of the Company.

**Yao Zhuanghe:** took posts of deputy director of Food Engineering Department of South China University of technology, deputy general manager and general manager of Guangdong United Food Enterprise Center, director of Guangdong Yuehua International Trade Group, deputy general manager of Guangdong Guangye Economic Development Group, director and general manager of Guangdong Guangye Investment Consulting Co., Ltd., director and Party Member of Guangdong Guangye Environmental Construction Group (former Guangdong Guangye Real Estate Group) Deputy secretary; At present, he is director of the Company.

**Li Jianghua:** took posts of assistant of general manager and deputy general manager of the Operation Service Department of the Information Management Center of Foresea Life Insurance, deputy general manager of IT

Department of Xinjiang Qianhai United Property & Casualty Insurance Co., Ltd., general manager of Integrated Financial Development Department of Foresea Life Insurance, and chairman of the supervisory board of the Company.

**Meng Lili:** took posts of Deputy Manager of Human Resources Department of Huafu Fashion Co., Ltd., Manager of Human Resources Department of Baoneng Zhiye Co., Ltd., Supervisor of Foresea Century Insurance Brokers Co., Ltd.; At present, she is Deputy Director and Employee Supervisor of Human Resources Center of Foresea Life Insurance Co., Ltd., General Manager of the Office of the Board of Directors, Supervisor of Guangdong Shaoneng Group Co., Ltd., and Supervisor of the Company.

**Gao Changkun:** took the post of the operation director of Beijing Lianxingketong 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 Division of the Company.

**He Jin:** took posts of 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 president of the Flat Panel and Electronic Glass Division 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 and head 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 of the company, Deputy Vice Director.

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 Board	Apr. 2012		Yes
	Shenzhen Jushenghua Co., Ltd.	Supervisor	July 2016		No
Zhang Jinshun	Shenzhen Jushenghua Co., Ltd.	President & CEO	Jan. 2016		Yes
	Foresea Life Insurance Co., Ltd.	Chairman of Board	Sep. 2017		No
ChengXibao	Foresea Life Insurance Co., Ltd.	Director	Oct. 2017		No
Cheng Jinggang	Foresea Life Insurance Co., Ltd.	Deputy Director of the Asset Management Center	Apr. 2012		Yes
Meng Lili	Foresea Life Insurance Co., Ltd.	Deputy Director and Employee Supervisor of Human Resources	June 2013		Yes



		Center General Manager of the Office of the Board of Directors			
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	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.	Executive Vice Present	Oct. 2014		No
	Xinjiang Qianhai United Property&Casualty Insurance Co.,Ltd.	Chairman of the Supervisory board	May 2016		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 Guilong	South China University of Technology	Professor and Doctoral tutor	Aug. 2000		Yes
	GRG BANKING EQUIPMENT CO., Ltd.	Independent director	Jan. 2018		Yes
	Guangzhou Kingmed Diagnostics Group Co., Ltd.	Independent director	Nov. 2015		Yes
	Guangzhou bank Co.,Ltd.	Independent director	Apr. 2019		Yes
	Jiangxi Jiufeng Energy Co.,Ltd.	Director	Jan. 2019		Yes
	Guangdong Yiji Network Co., Ltd.	Director	Nov.2018		No
	CS Richland AssetCo.,Ltd.	Director	Jul.2019		Yes
	Guangzhou Nuocheng Biological Products Co., Ltd.	Director	Sep.2020		No
Zhu Qianyu	Renmin University of China	Associate Professor	Mar. 2010		Yes
	Kingfa SCI.&TECH. Co.,Ltd.	Independent director	Jan.2021		Yes
	LandOcean Energy Services Co.,Ltd	Independent director	Jan.2021		Yes
Xu Nianhang	Business School of Renmin University of China	Director, professor and doctoral advisor	Nov.2014		Yes
	Xinyusteel Group Co., Limited	Independent director	Apr.2018		Yes
	Fujian Newchoice Pipe	Independent director	Jan.2018		Yes

	Technology Co., Ltd.				
	Chongqing Three Gorges Bank Co., Ltd.	Independent director	May 2019		Yes
	Beijing iHandy Mobile Inc. (unlisted company)	Independent director	Oct.2018		Yes
	Inner Mongolia Dazhong Mining Co., Ltd. (unlisted company)	Independent director	May 2020		Yes
	Leador Spatial Information Technology Corporation	Independent director	Aug.2018	Dec.2020	Yes
Zhang Jinshun	Shenzhen Baoneng Investment Group Co., Ltd.	Deputy Chairman of the Board	Mar. 2017		No
	Baoneng Logistics Group Co., Ltd.	Chairman of Board	Oct.2020		No
Cheng Xibao	Shenzhen Baoneng Investment Group Co., Ltd.	Senior Vice President	Nov. 2020		No
	Baoneng City Development and Construction Group Co., Ltd.	Executive Vice President	Oct. 2018		Yes
	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
	Shenzhen Baoneng Travel Co.,LTD.	Director	Sep. 2019		No
	Guizhou Baoneng Automobile Co., Ltd.	Supervisor	Jan. 2018		No
Cheng Jinggang	Asset Management Center of Foresea Life Insurance Co., Ltd.	Chairman of the Board of Supervisors	Apr. 2018		Yes
	Nanning Baihuo Co., Ltd.	Chairman of the Board	Dec. 2020		Yes
Meng Lili	Human Resources Center of Foresea Life Insurance Co., Ltd.	Deputy Director and Employee Supervisor	Dec.2020		Yes
Note of post-holding in shareholder's unit	N/A				

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 0.15 million per year, paid by actual month of service. The total remuneration for directors, supervisor and senior executives in the report period was RMB 26.8515 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	49	Currently in office		Yes
Wang Jian	Secretary of the Party Committee, Director of the Board, CEO	Male	57	Currently in office	538.21	No
Zhu Guilong	Independent Director	Male	57	Currently in office	15	No
Zhu Qianyu	Independent Director	Female	46	Currently in office	15	No
Xu Nianhang	Independent Director	Male	43	Currently in office	10	No
Zhang Jinshun	Director	Male	56	Currently in office		Yes
Cheng Xibao	Director	Female	39	Currently in office		Yes
Cheng Jinggang	Director	Male	40	Currently in office		Yes
Yao Zhuanghe	Director	Male	62	Currently in office	10	No
Li Jianghua	Chairman of the Supervisory Board Employee Supervisor	Male	44	Currently in office	134.51	No
Meng Lili	Supervisor	Female	52	Currently in office		Yes
Gao Changkun	Employee Supervisor	Male	43	Currently in office	182.83	No
Lu Wenhui	Executive Vice President	Male	58	Currently in office	680.24	No
He Jin	Vice president	Male	49	Currently in office	695.26	No
Yang Xinyu	Secretary of the Board	Male	41	Currently in office	394.10	No
Zhan Weizai	Independent Director	Male	57	Post leaving	5	No
Ye Weiqing	Director	Female	49	Post leaving		Yes
Li Xinjun	Supervisor	Male	53	Post leaving	5	No
Total					2,685.15	

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

√Applicable □Not applicable

Unit: Share

Name	Title	Number	Number	The	Market	The	Number	Numbe	The granting	The
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		of shares outstanding during the report period	of shares already exercised during the report period	exercise price of the exercised shares during the report period (RMB / share)	price at the end of the report period (RMB / share)	number of restricted stocks held at the beginning of the period	of shares unlocked in this period	r of restricted shares newly granted during the report period	price of restricted stock (RMB / share)	number of restricted stocks held at the end of the period
Chen Lin	Chairman of the Board	0	0			1,217,300	0	0	4.28	0
Wang Jian	Secretary of the Party Committee, Director of the Board, CEO	0	0			759,000	0	0	3.68	0
Lu Wenhui	Executive Vice President	0	0			912,975	0	0	4.28	0
He Jin	Vice president	0	0			673,200	0	0	Awarded for the first time:4.28 The reserved awarded:3.68	0
Yang Xinyu	Secretary of the Board	0	0			869,499	0	0	4.28	0
Total	--	0	0	--	--	4,431,974	0	0	--	0
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>②For the Company did not meet the performance conditions for the third unlocking period of the 2017 a-share restricted stock incentive plan, the restricted shares held by the above directors and senior managers that can be released during the third unlocking period shall not be released and shall be repurchased and cancelled by the Company, totaling 4,431,974 shares.</p>									

## V. Particulars of workforce

### 1. Number, professional composition and educational background of employees

Number of employees in the parent company (person)	543 <sup>(Note)</sup>
Number of employees in major subsidiaries of the Company (person)	10,015
Total number of employees (person)	10,558
Total number of employees received salaries in the period (person)	10,558
Number of retired employees whose costs borne by the parent company and its main subsidiaries (person)	0

Professional composition	
Category of professional composition	Number of professional composition (person)
Production personnel	7,205
Salesman	662
Technician	1,489
Financial personnel	128
Administrative personnel	1,074
Total	10,558
Educational background	
Category of educational background	Number (person)
Doctor	7
Master	160
Undergraduate	2,400
Junior college	1,951
Degree below junior college	6,040
Total	10,558

Note: Among them, there are 359 employees sent by the headquarters to the subsidiary.

## 2. Staff remuneration policy

In 2020, the Company continue to emphasize the principle of "performance orientation" in compensation management, through strengthening the concept of organizational performance and strengthening the application of performance results, we advocate that salary incentives should be inclined to high-performing organizations and high-performing individuals, to improve the work enthusiasm of employees, and then improve the overall performance of the organization, to achieve the business objectives.

## 3. Staff training plan

The Company has always attached great importance to the talent team construction and staff training and development. Every year, the Company sets up a special fund for the employees' skills training, capacity development and quality improvement. The Company has established a comprehensive training and development system for all kinds of employees, and developed personalized training and development systems for senior, middle and grass-roots employees, so as to stimulate the drive of employees, enhance the competitiveness of the enterprise, and provide a strong guarantee for the development of CSG Group. Based on the strategy of sustainable development of human resources, the Company will continue to deepen the scientific and systematic operation of training and development, so as to energize, promote management and increase benefits, and achieve a win-win situation for the growth of employees and the development of the enterprise.

## 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, damaged or intervened 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 2020	Extraordinary General Shareholders' Meeting	29.04%	2020-3-12	2020-3-13	Announcement No.:2020-016 (www.cninfo.com.cn)
The Second Extraordinary General Shareholders' Meeting of 2020	Extraordinary General Shareholders' Meeting	29.18%	2020-4-16	2020-4-17	Announcement No.:2020-022 (www.cninfo.com.cn)
Annual General Shareholders' Meeting of 2019	Annual General Shareholders' Meeting	28.91%	2020-5-21	2020-5-22	Announcement No.:2020-034 (www.cninfo.com.cn)
The Third Extraordinary General Shareholders' Meeting of 2020	Extraordinary General Shareholders' Meeting	28.99%	2020-6-15	2020-6-16	Announcement No.:2020-048 (www.cninfo.com.cn)
The Fourth Extraordinary General Shareholders' Meeting of 2020	Extraordinary General Shareholders' Meeting	29.67%	2020-7-23	2020-7-24	Announcement No.:2020-059 (www.cninfo.com.cn)
The Fifth Extraordinary General Shareholders' Meeting of 2020	Extraordinary General Shareholders' Meeting	29.64%	2020-11-11	2020-11-12	Announcement No.:2020-071 (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
Zhu Guilong	16	2	14	0	0	No	5
Zhu Qianyu	16	0	16	0	0	No	0
Xu Nianhang	11	0	11	0	0	No	0
Zhan Weizai	5	1	4	0	0	No	1

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, and gave independent opinions on significant operating management issues, general election of the board of directors, distribution of profits, Equity incentive restricted stock repurchase and unlock, issues related to non-public offering of A shares, Engagement of audit institution, internal control construction and so on. The suggestions about the company of the independent directors have been adopted, and they have played an active 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:

#### ① Deliberate 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, 2020 and its operating results in 2020.

#### ② Supervise 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 2020 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 5 directors, and 3 of them are independent directors. The convoker is independent director.

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

②The remuneration and examination committee reviewed the proposals on the allowance of external supervisors and the allowance of external directors (except for the incumbents of shareholder units), and reported the results to the board of directors.

③The remuneration and examination committee considered a bill to repurchase and cancel some restricted stock under the restricted stock incentive program and reported the results to the Board.

④The remuneration and examination committee deliberated the repurchase and cancellation of restricted stocks in the restricted stock incentive plan, the repurchase and cancellation of restricted stocks that did not meet the unlocking conditions of the third unlocking period, and other relevant proposals, and reported the results of the review to the board of directors.

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.

The nominating committee considered the motion on recommending candidates for the general election of the board of directors and reported the result to the Board. Nomination committee of the Board performed evaluation on the work of the Board, and believed that the directors of the Board abided by the State laws, administrative rules and regulation of Article of Association since they took office. They attended or delegated to attend the Board Meeting and general meeting of shareholders on time, performed voting rights based on relevant regulations, actively kept eyes on the management situation of the Company, and performed the duty of Directors diligently.

4. Performance of the strategy committee of the Board

The strategy committee of the Board of Directors of the Company is constituted with 5 directors, and 2 of them are 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 strategy committee considered on the profit distribution plan and held the view that the major issues above confirm to the requirement of the Company Law, the Enterprise Accounting Principles and the Articles of Association, and agreed to submit 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

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	April 15, 2021	
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 2020" published on Juchao Website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )	
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	94%	
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	<p><b>Major defects:</b></p> <p>A. Fraud of directors, supervisors and senior management;</p> <p>B. Ineffective control environment;</p> <p>C. Invalid internal supervision;</p> <p>D. Major internal control defects found and reported to the management but haven't been corrected after a reasonable time;</p> <p>E. Material misstatements are found by the external audit but haven't been found in the process of internal control;</p> <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><b>Significant defects:</b></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><b>Common defects:</b> Other control defects except for major defects and significant defects.</p>	<p><b>Major defects:</b></p> <p>A. Major decision-making mistakes caused by decision-making process of key business;</p> <p>B. Serious violation of state laws and regulations;</p> <p>C. Serious brain drain of senior and middle management and or personnel at key technological posts;</p> <p>D. Major or significant defects found in the internal control evaluation have not been rectified and reformed;</p> <p>E. The company's major negative news frequently appears on media;</p> <p><b>Significant defects:</b></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><b>Common defects:</b> Other control defects except for major defects and significant defects.</p>
Quantitative standard	<p><b>Major defects:</b></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><b>Significant defects:</b></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><b>Common defects:</b> Defects except for major and significant defects.</p>	<p><b>Major defects:</b></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><b>Significant defects:</b></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><b>Common defects:</b></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	0	

Amount of significant defects in non-financial reports	0
Amount of important defects in financial reports	0
Amount of important defects in non-financial reports	0

## 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 2020, issued AP Ya-Kuai- A-Zhuan-Zi (2021) No. 01320010 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, 2020.	
Disclosure of internal control audit report	Disclosure
Date of disclosing the internal control audit reports	15 April 2021
Disclosure index of internal control audit report	More details can be found in 2020 Internal Control Audit Report of CSG released on Juchao Website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
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. Corporate Bonds

Whether the company has a public offering and is listed on the stock exchange, and the company bonds that have not been fully paid or matured on the date of approval of the annual report

Yes

### I. Basic information about corporate bonds

Name	Short name	Bond code	Issue date	Maturity date	Bond balance (RMB 0,000)	Interest rate	Way of repayment of principal and interest
CSG Holding Co., Ltd. Public issue of corporate bonds to qualified investors in 2020 (phase I)	20 CSG 01	149079	2020-3-24 to 2020-3-25	2023-3-25	200,000	6%	Use simple interest to calculate the annual interest, excluding compound interest. Interest is paid once a year, principal is repaid once due, and the last installment of interest is paid together with the principal.
Corporate bond listing or transfer trading place	Shenzhen Stock Exchange						
Appropriate arrangements for investors	Corporate bonds shall be publicly issued to qualified institutional investors who have opened qualified A-share securities accounts in the Shenzhen branch of China securities registration and clearing Co., Ltd., in accordance with the provisions of the "measures for the administration of corporate bond issuance and trading".						
Interest payment and encashment of corporate bonds during the reporting period	The bond has not entered the first interest payment date.						
Implementation of the special provisions including option and exchangeable terms of issuers or investors attached to corporate bonds and the relevant provisions during the report period (if applicable)	Not applicable						

### II. Information of bond trustee and credit rating institution

Bond trustee:							
Name	Office adds.	Contact person	Tel.				
Western Securities Co., Ltd	Room 10000, building 8, 319 dongxin street, xincheng district, xi'an city, shaanxi province	Lv Yue	010-68086722				
Credit rating institution which tracks rating corporate bonds in the report period:							
Name	Office adds.						
China Chengxin International Credit Rating Co., Ltd.	Building 5, Yinhe SOHO, 2 nanzhugan Hutong, Chaoyang mennei street, Dongcheng District, Beijing						
If bond trustee and credit rating institution engaged by the Company changed in the				The bond rating agency China Chengxin Securities Rating Co., Ltd. (hereinafter referred to as "CCXR") is a wholly-owned subsidiary			

report period, explain the reason of the change, performance of the procedure, and the impact on the interest of investors etc. (if applicable)	of China Chengxin International Credit Rating Co., Ltd. (hereinafter referred to as "CCXI"). According to the notice of CCXI, on February 25, 2020, China credit international received the reply of China securities regulatory commission on the approval of China Chengxin International Credit Rating Co., Ltd. to engage in the credit rating business of the securities market (license no. [2020] 267). According to this reply, CCXI carried out credit rating business of securities market from February 26, 2020; Credit rating business in securities market of CCXR, a wholly-owned subsidiary of CCXI, is inherited by CCXI.
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### III. The use of fund raised by corporate bonds

The use of fund raised by corporate bonds and performance of the procedure	The raised fund is in strict accordance with the relevant provisions.
Balance at the end of year (RMB0,000)	0
The operation of the special account for raised fund	The operation of the special account for raised fund is in strictly accordance with the relevant provisions of prospectus commitment.
Whether the use of raised fund is consistent with the purpose, plan of use and other agreements of prospectus commitment	Consistent

### IV. Information of the rating of corporation bonds

According to The Tracking Rating Report of CSG Issuing Corporate Bonds To Qualified Investors In 2020 (Phase I) ([2020] tracking 0596) issued by CCXI on June 10, 2020, the Company's subject credit rating is AA+, rating outlook is stable, and the bonds credit rating of the current period is evaluated as AA+.

CCXI will conduct tracking rating during the term of validity of the bonds: it will complete the regular tracking rating of the year within two months after the release of the Company's annual report, and disclose the bond tracking rating report of the previous year within six months from the end of each fiscal year according to the listing rules; Issue random tracking ratings as appropriate. The rating results and other relevant information will be published on the website of China credit international ([www.ccxi.com.cn](http://www.ccxi.com.cn)) and the website of the exchange to draw the attention of investors.

### V. Trust mechanism, debt repayment plans and other debt repayment safeguards of corporation bonds

During the report period, the trust mechanism, debt repayment plans and other debt repayment safeguards have not been changed which are the same as the relevant commitments of raising instruction manual.

#### I. Credit promotion measures

The bonds are unsecured.

#### II. Debt repayment plan

"20 CSG 01" will pay interest once a year during its duration, and the principal will be repaid once upon maturity. The interest of the last period will be paid together with the repayment of the principal. The payment date of "20 CSG 01" is

March 25 of each year from 2021 to 2023, and the payment date is March 25, 2023 (in case of a statutory holiday or rest day, it will be postponed to the first trading day thereafter).

The Company established the annual and monthly plan for application of funds based on the payment arrangement for coming due principal and interest of the corporation bonds, reasonably managed and allocated the funds so as to make sure the due principal and interest be paid in time. The capital sources for paying the corporation bonds in the report period were mainly the cash flow generated by the Company's operating activities and the bank loans. The financial structure of the company remains stable, and the stable cash inflow provides a strong guarantee for the repayment of principal and interest of the company's bonds. The repayment plan has not changed and is consistent with the relevant commitments in the prospectus.

### III. Repayment safeguards

In order to fully and effectively maintained the interests of the bondholders, the Company has made a series plans for the timely and sufficient repayment for bonds in the report period, including confirming the specialized departments and personnel, arranging the funds for repayment, strictly implement the use of the raised funds, give full play to the role of bond trustee, set the rules for bondholders' meetings, strictly fulfil the obligation of information disclosure, so as to develop a set of safeguards to ensure that bonds are repaid safely. The guarantee measures for debt repayment have not changed and are consistent with the relevant commitments in the prospectus.

## VI. Information about the bondholder meeting during the reporting period

There was no bond-holder meeting of "20 CSG 01" convened in the report period.

## VII. Information about the obligations fulfilled by the bond trustee in the report period

As the bond trustee of "20 CSG 01", Western Securities Co., Ltd. strictly complies with relevant laws and regulations and the provisions of the Prospectus and Bond Trustee Management Agreement to perform the duties of the bond trustee, and continues to pay attention to the company's daily routine. Production and operation and financial status, supervise the use of raised funds, the operation of special accounts, and the repayment of principal and interest, and strive to safeguard the legitimate rights and interests of bondholders. The trustee has no conflict of interest when performing its duties.

## VIII. The key accounting data and financial indicators of the latest two years to the end of the report period

RMB 0,000

Item	2020	2019	Rate of change over the same period
Earnings before interest tax depreciation and amortiation	230,229	195,447	17.8%
Current ratio	121%	74%	47%
Assets liabilities rate	41%	46%	-5%
Quick ratio	100%	61%	39%
Total debt ratio of EBITDA	32%	23%	9%
Interest coverage ratio	4.88	2.99	63.21%
Cash interest coverage ratio	11.83	8.91	32.77%
Interest coverage ratio of EBITDA	8.15	5.95	36.97%
Loan repayment rate	100%	100%	



Interest coverage ratio	100%	100%
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The above accounting data and financial indicators year-on-year change more than 30% of the main reasons

Applicable Not applicable

Current ratio: Mainly due to the decrease in current liabilities.

Quick ratio: Mainly due to the decrease in current liabilities.

Interest coverage ratio: Mainly due to the increase in net profit and the decrease in interest expenses.

Cash interest coverage ratio: Mainly due to the increase in net cash flow from operating activities and the decrease in interest expenses.

Interest coverage ratio of EBITDA: Mainly due to the increase in net profit.

## **IX. Payment of principle and interest for other bonds and debt financing instruments during the report period**

On May 4, 2020, the Company paid the second installment of the first phase of 2018 medium-term notes with an annual interest rate of 7% and a total amount of RMB 800 million issued on May 4, 2018.

On July 14, 2020, the Company completed the payment of the principal and interest of the first phase of 2015 medium-term notes with a total amount of RMB 1.2 billion and an annual interest rate of 4.94% issued on July 14, 2015.

On November 21, 2020, the Company completed the payment of the principal and interest of the first phase of 2020 ultra short term financing bonds with a total amount of RMB 300 million and an annual interest rate of 4% issued on February 21, 2020.

## **X. Information about of bank credit and use, as well as repayment of bank loans during the report period**

The Company's credit status was good during the report period, and it established long-term and stable credit business relationships with banking institutions. As of December 31, 2020, the Company has obtained a bank credit of RMB14.352 billion, has used a quota of RMB2.270 billion, and has an available quota of RMB12.082 billion.

## **XI. Information about fulfillment of the stipulations or commitments specified in the Prospectus of the issuance of the bonds during the report period**

The Company strictly abides by the relevant provisions in the "20 CSG 01" bond prospectus and fulfils the relevant commitments.

## **XII. Major matters occurring during the report period**

On April 8, 2020, the Company disclosed the "Announcement on Cumulative New loans in 2020of CSG on the website of Shenzhen Stock Exchange. The above-mentioned new loans are required by the Company's business development, conform to the provisions of relevant laws and regulations, belong to the normal business activities of the Company, and will not have a significant adverse impact on the Company's production and operation and debt paying ability. The bond trustee Western Securities Co., Ltd. disclosed the Interim Report on entrusted management affairs of CSG Issuing Corporate Bonds To Qualified Investors In 2020 (Phase I) on the website of Shenzhen Stock Exchange for the aboved matters simultaneously.

## **XIII. Whether there is a guarantor of corporate bonds**

Yes  No

## Section X. Financial Report

### I. Report of the Auditors

Type of Auditor's Opinion	Standard and unqualified
Issue date of Report of the Auditors	13 April 2021
Name of Auditor's organization	Asia Pacific (Group) CPAs (special general partnership)
Reference number of Report of the Auditors	Ya-Kuai- A-Shen-Zi (2021) No. 01320009
Name of CPA	Zhou Xianhong, Sun Weijie

### Auditor's Report

Ya-Kuai- Shen-Zi (2021) No. 01320009

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 2020, 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, 2020 and the consolidated and parent business performance and cash flow of the Company for 2020.

#### 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 judgement, 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 Long-term assets

### 1. Matter description

As disclosed in the financial statements, by 31st December 2020 , Impairment provision for construction in progress of The Company was RMB 639.21 million yuan, Impairment provision the fixed assets was RMB 835.93 million yuan. As the domestic market is highly competitive in the polycrystalline silicon industry and the cost of subsidiary Yichang Silicon Materials Company is high, the management of the company (hereinafter referred to as the management layer) has identified and conducted impairment tests for some related assets which show a sign of impairment. During the 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 results showed that the recoverable amount of related assets was lower than its book value. According to the differences in amount, the provision for impairment of fixed assets and construction in progress should be noted by the company. The impairment test involves confirming key parameters including discount rate and assumptions for future administration, such as the revenue growth rate, the gross profit margin etc. 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 design and operation of CSG internal control system relating to the provision for impairment of the fixed assets and the construction in progress;

2 Checked the fixed asset and construction in progress in field survey and implemented of physical procedures

3 Evaluated management's identification of the relevant asset groups assertions and the amount of assets allocated to each asset group and assessed the reasonableness of management's method of impairment of related assets.

4 Communicated with management and evaluated impairment of fixed assets and construction in progress key assumptions , Valuation method, Cash flow forecast and other 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, to be reviewed;

5 Assessed the professional competency ,objectivity, and independence of the third parties of independent valuer and reviewed the evaluation methods, evaluation assumptions, discount rates and other key parameters of valuation reports and reviewed the reasonableness of the calculation of evaluation data;

6 Checked the provision of impairment of fixed asset and construction in progress relevant presents and disclosures whether is appropriate and complete in the presentation of financial statements following accounting standards.

## II) Impairment of Goodwill

### 1. Matter description

As disclosed in the report: by 31st December 2020, the goodwill of The Company is the originally valued at RMB 397.39 million yuan, mainly included goodwill RMB 389.49 million yuan from the acquisition of Shenzhen CSG Display Device Technology Co., Ltd. The management conducts an impairment test on goodwill at least once a year. In this year's test, 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 groups of goodwill is lower than the book value, and the provision for goodwill impairment should be noted by company. As the goodwill impairment test involved a complex process and the significant judgments of the company's management, we consider this matter as key audit matters.

### 2. Countermeasures of Audit

1 Understood and evaluated the effectiveness of design and operation of the internal control system of the provision of impairment in goodwill;

2 Compared the relevant asset groups actual results in 2020 with their corresponding estimates made in the prior year to evaluate the reliability of the management's estimates on cash flows;

3 Obtained and reviewed the report of goodwill impairment issued by the external valuer, and assessed the independence, professional competency and objectivity of the independent valuer;

4 Discussed with the management, compared and analyzed historical data and industry level of relevant asset groups; evaluated key assumptions and assessed its rationality, including 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;

5 Checked whether the goodwill was allocated to each of the cash-generating units in a reasonable methods; Checked the goodwill impairment test model calculation accuracy ;

6 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 shall be responsible for other information, including the information covered in the financial report, but excludes financial statements and our audit report.

Our audit opinion on financial statements does not include other information; we will not make the authentication conclusion on other information in any form.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **V. Responsibilities of Management and Governance for 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. Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance as to whether there are no major misstatements due to fraud or errors in the overall financial statements, and to issue an audit report containing 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 assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(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  
13 April 2021

Certified Public Accountant of China

**CSG HOLDING CO., LTD.**

**CONSOLIDATED AND COMPANY'S BALANCE SHEETS  
AS AT 31 DECEMBER 2020**

(All amounts in RMB Yuan unless otherwise stated)  
[English translation for reference only]

ASSETS	Note	31 December 2020	31 December 2019	31 December 2020	31 December 2019
		Consolidated	Consolidated	Company	Company
<b>Current assets</b>					
Cash at bank and on hand	4(1)	2,125,788,903	1,986,980,418	1,072,875,571	1,560,798,731
Notes receivable	4(2)	207,966,892	297,023,380	-	-
Accounts receivable	4(3)	681,467,133	649,681,177	-	-
Receivables Financing	4(4)	382,527,782	258,296,826	-	-
Advances to suppliers	4(5)	85,928,641	78,196,027	1,650,184	1,799,222
Other receivables	4(6)/17(1)	200,969,854	202,854,864	3,803,908,369	3,179,500,967
Inventories	4(7)	815,156,318	812,321,690	-	-
Other current assets	4(8)	140,031,544	447,995,931	66,321	300,000,000
<b>Total current assets</b>		<b>4,639,837,067</b>	<b>4,733,350,313</b>	<b>4,878,500,445</b>	<b>5,042,098,920</b>
<b>Non-current assets</b>					
Long-term receivables	17(3)	-	-	-	1,200,000,000
Long-term equity investments	17(2)	-	-	5,844,507,870	5,079,465,574
Investment properties	4(9)	383,084,500	-	-	-
Fixed assets	4(10)	9,145,644,569	9,783,037,301	19,769,193	19,550,442
Construction in progress	4(11)	1,893,380,611	1,902,140,035	-	-
Intangible assets	4(12)	1,139,718,255	1,044,826,287	140,836	370,484
Development expenditure	4(12)	49,153,407	85,240,356	-	-
Goodwill	4(13)	233,375,693	315,097,756	-	-
Long-term prepaid expenses		10,381,937	11,351,431	-	-
Deferred tax assets	4(14)	194,979,414	205,792,587	-	-
Other non-current assets	4(15)	193,359,445	120,399,893	4,546,275	1,407,535
<b>Total non-current assets</b>		<b>13,243,077,831</b>	<b>13,467,885,646</b>	<b>5,868,964,174</b>	<b>6,300,794,035</b>
<b>TOTAL ASSETS</b>		<b>17,882,914,898</b>	<b>18,201,235,959</b>	<b>10,747,464,619</b>	<b>11,342,892,955</b>



**CSG HOLDING CO., LTD.**

**CONSOLIDATED AND COMPANY'S BALANCE SHEETS (CONT'D)  
AS AT 31 DECEMBER 2020**

(All amounts in RMB Yuan unless otherwise stated)  
[English translation for reference only]

LIABILITIES AND OWNERS' EQUITY	Note	31 December 2020	31 December 2019	31 December 2020	31 December 2019
		Consolidated	Consolidated	Company	Company
<b>Current liabilities</b>					
Short-term borrowings	4(17)	352,895,571	2,240,969,137	49,800,000	1,687,000,000
Notes payable	4(18)	144,851,192	232,063,968	-	170,000,000
Accounts payable	4(19)	1,237,833,051	1,100,531,779	249,721	236,346
Advances from customers	4(20)	-	292,803,811	-	-
Contract liabilities	4(21)	296,776,624	-	-	-
Employee benefits payable	4(22)	342,352,166	337,866,246	46,504,458	53,040,982
Taxes payable	4(23)	194,921,071	115,425,044	9,457,159	2,901,358
Other payables	4(24) 17(4)	287,332,992	351,374,775	1,002,135,702	1,643,156,452
Current portion of non-current liabilities	4(25)	927,531,709	1,712,456,928	800,000,000	1,200,000,000
Other current liabilities	4(26)	34,586,292	300,000	-	-
<b>Total current liabilities</b>		<b>3,819,080,668</b>	<b>6,383,791,688</b>	<b>1,908,147,040</b>	<b>4,756,335,138</b>
<b>Non-current liabilities</b>					
Long-term borrowings	4(27)	853,253,983	1,320,225,000	700,000,000	1,130,000,000
Debentures payable	4(28)	1,994,020,348	-	1,994,020,348	-
Long-term payables	4(29)	-	87,240,529	-	-
Deferred tax liabilities	4(14)	102,619,932	30,197,657	-	-
Deferred income	4(30)	498,056,081	513,925,557	180,496,249	182,386,537
<b>Total non-current liabilities</b>		<b>3,447,950,344</b>	<b>1,951,588,743</b>	<b>2,874,516,597</b>	<b>1,312,386,537</b>
<b>Total liabilities</b>		<b>7,267,031,012</b>	<b>8,335,380,431</b>	<b>4,782,663,637</b>	<b>6,068,721,675</b>
<b>Shareholders' equity</b>					
Share capital	4(31)	3,070,692,107	3,106,915,005	3,070,692,107	3,106,915,005
Capital surplus	4(32)	596,997,085	683,219,358	741,824,399	828,046,672
Less: Treasury shares	4(33)	-	(118,066,397)	-	(118,066,397)
Other comprehensive income	4(34)	161,816,819	6,565,864	-	-
Special reserve	4(35)	10,269,002	11,102,921	-	-
Surplus reserve	4(36)	1,036,948,422	946,251,286	1,051,493,782	960,796,646
Undistributed profits	4(37)	5,336,266,412	4,859,600,841	1,100,790,694	496,479,354
<b>Total equity attributable to shareholders of parent company</b>		<b>10,212,989,847</b>	<b>9,495,588,878</b>	<b>5,964,800,982</b>	<b>5,274,171,280</b>
<b>Minority interests</b>		<b>402,894,039</b>	<b>370,266,650</b>	<b>-</b>	<b>-</b>
<b>Total shareholders' equity</b>		<b>10,615,883,886</b>	<b>9,865,855,528</b>	<b>5,964,800,982</b>	<b>5,274,171,280</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>17,882,914,898</b>	<b>18,201,235,959</b>	<b>10,747,464,619</b>	<b>11,342,892,955</b>

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

Legal representative:      Principal in charge of accounting:      Head of accounting department:

**CSG HOLDING CO., LTD.**

**CONSOLIDATED AND COMPANY'S INCOME STATEMENTS  
AS AT 31 DECEMBER 2020**

(All amounts in RMB Yuan unless otherwise stated)  
[English translation for reference only]

Item	Note	2020	2019	2020	2019
		Consolidated	Consolidated	Company	Company
<b>Revenue</b>	4(38)	10,671,253,445	10,472,028,099	217,297,219	82,205,712
Less: Cost of sales	4(38)	(7,444,465,731)	(7,743,129,614)	-	-
Taxes and surcharges	4(39)	(121,898,522)	(115,813,768)	(2,292,619)	(639,077)
Selling and distribution expenses	4(40)	(233,918,938)	(389,269,235)	-	-
General and administrative expenses	4(41)	(666,976,561)	(602,590,650)	(273,626,323)	(131,340,380)
Research and development expenses	4(42)	(404,842,498)	(366,871,283)	(1,047,802)	(794,864)
Financial expenses - net	4(43)	(224,011,920)	(290,417,403)	(167,576,428)	(121,920,540)
Including: interest expenses		(273,308,059)	(319,591,750)	(214,088,327)	(151,864,568)
Interest income		53,404,661	36,942,509	49,221,299	32,612,794
Add: Other Income	4(47)	99,560,400	184,131,420	4,228,915	3,775,711
Gains/(Losses) arising from changes in fair value	4(45)	179,911,200	-	-	-
Investment income	4(46)17(5)	2,654,504	-	1,136,439,598	390,105,325
Credit impairment loss	4(48)	(5,722,619)	(20,114,033)	(1,571,191)	-
Asset impairment loss	4(49)	(738,508,094)	(463,324,685)	-	51,454
Income on disposal assets	4(50)	(1,158,984)	(909,968)	15,761	502,000
<b>Operating profit</b>		1,111,875,682	663,718,880	911,867,130	221,945,341
Add: Non-operating revenue	4(51)	14,369,839	7,827,834	-	2,403,225
Less: Non-operating expenses	4(52)	(20,554,395)	(9,440,087)	(4,895,769)	(4,889,460)
<b>Total profit</b>		1,105,691,126	662,106,627	906,971,361	219,459,106
Less: Income tax (expenses)/revenue	4(53)	(293,738,145)	(101,687,050)	-	-
<b>Net profit</b>		811,952,981	560,419,577	906,971,361	219,459,106
(一) Classified by continuous operation:					
Net income from continuing operations ("-" for net loss)		811,952,981	560,419,577	906,971,361	219,459,106
Net income from discontinued operations ("-" for net loss)		-	-	-	-
(二) Classified by equity ownership:					
Attributable to shareholders of parent company		779,325,592	536,430,818	-	-
Minority interests		32,627,389	23,988,759	-	-
<b>Other comprehensive income net after tax</b>		155,250,955	1,485,630	-	-
Other comprehensive income net after tax attributable to shareholders of parent company		155,250,955	1,485,630	-	-
Other comprehensive income items which will be reclassified subsequently to profit or loss		155,250,955	1,485,630	-	-
Differences on translation of foreign currency financial statements		(5,900,842)	1,485,630	-	-
Income generated when self-property and land use rights are converted into investment property		161,151,797	-	-	-
Other comprehensive income net after tax attributable to minority interests		-	-	-	-
<b>Total comprehensive income</b>		967,203,936	561,905,207	906,971,361	219,459,106
Total comprehensive income attributable to shareholders of parent company		934,576,547	537,916,448		
Total comprehensive income attributable to minority interests		32,627,389	23,988,759		
<b>Earnings per share</b>	4(54)				
Basic earnings per share (RMB Yuan)	4(54)	0.25	0.17		
Diluted earnings per share (RMB Yuan)	4(54)	0.25	0.17		

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

Legal representative:      Principal in charge of accounting:      Head of accounting department:

**CSG HOLDING CO., LTD.**

**CONSOLIDATED AND COMPANY'S CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in RMB Yuan unless otherwise stated)  
[English translation for reference only]

Item	Note	2020 Consolidated	2019 Consolidated	2020 Company	2019 Company
<b>1. Cash flows from operating activities</b>					
Cash received from sales of goods or rendering of services		11,736,154,948	11,615,107,734	223,086,978	74,350,543
Refund of taxes and surcharges		61,780,834	24,913,216	613,918	582,881
Cash received relating to other operating activities	4(55)(a)	177,764,210	158,462,125	58,247,245	51,436,379
<b>Sub-total of cash inflows</b>		<b>11,975,699,992</b>	<b>11,798,483,075</b>	<b>281,948,141</b>	<b>126,369,803</b>
Cash paid for goods and services		(6,674,993,246)	(6,831,844,733)	-	-
Cash paid to and on behalf of employees		(1,377,255,224)	(1,316,636,342)	(255,127,287)	(109,657,156)
Payments of taxes and surcharges		(769,776,963)	(667,769,135)	(8,844,083)	(2,766,954)
Cash paid relating to other operating activities	4(55)(b)	(423,054,923)	(603,196,545)	(30,178,208)	(34,547,014)
<b>Sub-total of cash outflows</b>		<b>(9,245,080,356)</b>	<b>(9,419,446,755)</b>	<b>(294,149,578)</b>	<b>(146,971,124)</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>2,730,619,636</b>	<b>2,379,036,320</b>	<b>(12,201,437)</b>	<b>(20,601,321)</b>
<b>2. Cash flows from investing activities</b>					
Cash received from returns on investments		-	-	411,387,134	-
Cash received from returns on invest income		2,654,504	-	862,091,239	390,105,325
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,887,056	940,791	10,571	2,000
Cash received relating to other investing activities	4(55)(c)	435,177,324	36,649,460	300,000,000	-
<b>Sub-total of cash inflows</b>		<b>439,718,884</b>	<b>37,590,251</b>	<b>1,573,488,944</b>	<b>390,107,325</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(1,110,769,762)	(715,488,350)	(8,306,897)	(5,044,017)
Cash paid to acquire investments		-	-	(1,151,168,328)	(131,402,000)
Cash paid relating to other investing activities	4(55)(d)	(118,741,948)	(55,177,375)	-	(86,952)
<b>Sub-total of cash outflows</b>		<b>(1,229,511,710)</b>	<b>(770,665,725)</b>	<b>(1,159,475,225)</b>	<b>(136,532,969)</b>
<b>Net cash flows (used in)/from investing activities</b>		<b>(789,792,826)</b>	<b>(733,075,474)</b>	<b>414,013,719</b>	<b>253,574,356</b>
<b>3. Cash flows from financing activities</b>					
Cash received from borrowings		2,277,466,685	3,271,013,352	1,582,799,801	2,675,000,000
Cash received from issuing debentures		1,991,680,000	-	1,991,680,000	-
Cash received relating to other financing activities	4(55)(e)	153,698,226	200,000,000	74,599,652	-
<b>Sub-total of cash inflows</b>		<b>4,422,844,911</b>	<b>3,471,013,352</b>	<b>3,649,079,453</b>	<b>2,675,000,000</b>
Cash repayments of borrowings		(5,024,614,676)	(3,712,064,157)	(4,049,999,801)	(2,658,000,000)
Cash payments for interest expenses and distribution of dividends or profits		(438,591,829)	(468,314,362)	(336,840,490)	(232,336,010)
Cash payments relating to other financing activities	4(55)(f)	(604,225,442)	(1,330,791,703)	-	(309,952,407)
<b>Sub-total of cash outflows</b>		<b>(6,067,431,947)</b>	<b>(5,511,170,222)</b>	<b>(4,386,840,291)</b>	<b>(3,200,288,417)</b>
<b>Net cash flows (used in)/from financing activities</b>		<b>(1,644,587,036)</b>	<b>(2,040,156,870)</b>	<b>(737,760,838)</b>	<b>(525,288,417)</b>
<b>4. Effect of foreign exchange rate changes on cash</b>		<b>(4,046,608)</b>	<b>904,141</b>	<b>(66,943)</b>	<b>16,911</b>
<b>5. Net increase/(decrease) in cash and cash equivalents</b>	4(56)(b)	<b>292,193,166</b>	<b>(393,291,883)</b>	<b>(336,015,499)</b>	<b>(292,298,471)</b>
Add: Cash and cash equivalents at beginning of year		1,831,835,030	2,225,126,913	1,407,215,863	1,699,514,334
<b>6. Cash and cash equivalents at end of year</b>	4(56)(c)	<b>2,124,028,196</b>	<b>1,831,835,030</b>	<b>1,071,200,364</b>	<b>1,407,215,863</b>

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

Legal representative:                      Principal in charge of accounting:                      Head of accounting department:

CSG HOLDING CO., LTD.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(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(31)	4(32)	4(33)	4(34)	4(35)	4(36)	4(37)			
<b>Balance at 1 January 2019</b>		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
<b>Movements for the year ended 31 December 2019</b>											
Total comprehensive income											
Net profit		-	-	-	-	-	-	536,430,818	536,430,818	23,988,759	560,419,577
Other comprehensive income	4(34)	-	-	-	1,485,630	-	-	-	1,485,630	-	1,485,630
Total comprehensive income		-	-	-	1,485,630	-	-	536,430,818	537,916,448	23,988,759	561,905,207
Capital contribution and withdrawal by shareholders		(38,925,482)	(129,556,777)	159,114,586	-	-	-	-	(9,367,673)	-	(9,367,673)
Share-based payments		(38,925,482)	(129,556,777)	159,114,586	-	-	-	-	(9,367,673)	-	(9,367,673)
Profit distribution		-	-	-	-	-	21,945,911	(163,094,700)	(141,148,789)	-	(141,148,789)
Appropriation to surplus reserve	4(36)	-	-	-	-	-	21,945,911	(21,945,911)	-	-	-
Distribution to the shareholders	4(37)	-	-	-	-	-	-	(141,148,789)	(141,148,789)	-	(141,148,789)
Special reserve		-	-	-	-	5,034,321	-	-	5,034,321	-	5,034,321
Special reserve appropriate	4(35)	-	-	-	-	7,293,766	-	-	7,293,766	-	7,293,766
Special reserve used	4(35)	-	-	-	-	(2,259,445)	-	-	(2,259,445)	-	(2,259,445)
Internal transfer of shareholders' equity		282,563,286	(282,563,286)	-	-	-	-	-	-	-	-
Capital reserve to share capital		282,563,286	(282,563,286)	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2019</b>		<b>3,106,915,005</b>	<b>683,219,358</b>	<b>(118,066,397)</b>	<b>6,565,864</b>	<b>11,102,921</b>	<b>946,251,286</b>	<b>4,859,600,841</b>	<b>9,495,588,878</b>	<b>370,266,650</b>	<b>9,865,855,528</b>

**CSG HOLDING CO., LTD.**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT'D)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in RMB Yuan unless otherwise stated)  
[English translation for reference only]

Item	Note	Attributable to shareholders of parent company							Sub-total	Minority interests	Total shareholders' equity
		Share capital	Capital surplus	Less: Treasury share	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits			
<b>Balance at 1 January 2020</b>		3,106,915,005	683,219,358	(118,066,397)	6,565,864	11,102,921	946,251,286	4,859,600,841	9,495,588,878	370,266,650	9,865,855,528
<b>Movements for the year ended 31 December 2020</b>											
Total comprehensive income											
Net profit		-	-	-	-	-	-	779,325,592	779,325,592	32,627,389	811,952,981
Other comprehensive income	4(34)	-	-	-	155,250,955	-	-	-	155,250,955	-	155,250,955
Total comprehensive income		-	-	-	155,250,955	-	-	779,325,592	934,576,547	32,627,389	967,203,936
Capital increase or decrease from shareholder		(36,222,898)	(86,222,273)	118,066,397	-	-	-	-	(4,378,774)	-	(4,378,774)
Share-based payments		(36,222,898)	(86,222,273)	118,066,397	-	-	-	-	(4,378,774)	-	(4,378,774)
Profit distribution		-	-	-	-	-	90,697,136	(302,660,021)	(211,962,885)	-	(211,962,885)
Appropriation to surplus reserve	4(36)	-	-	-	-	-	90,697,136	(90,697,136)	-	-	-
Distribution to the shareholders	4(37)	-	-	-	-	-	-	(211,962,885)	(211,962,885)	-	(211,962,885)
Special reserve		-	-	-	-	(833,919)	-	-	(833,919)	-	(833,919)
Special reserve appropriate	4(35)	-	-	-	-	-	-	-	-	-	-
Special reserve used	4(35)	-	-	-	-	(833,919)	-	-	(833,919)	-	(833,919)
Internal transfer of shareholders' equity		-	-	-	-	-	-	-	-	-	-
Capital reserve to share capital		-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2020</b>		<b>3,070,692,107</b>	<b>596,997,085</b>	<b>-</b>	<b>161,816,819</b>	<b>10,269,002</b>	<b>1,036,948,422</b>	<b>5,336,266,412</b>	<b>10,212,989,847</b>	<b>402,894,039</b>	<b>10,615,883,886</b>

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

Legal representative:

Principal in charge of accounting:

Head of accounting department:

**CSG HOLDING CO., LTD.**

**COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in RMB Yuan unless otherwise stated)  
[English translation for reference only]

Item	Attributable to shareholders of parent company					Total shareholders' equity
	Share capital	Capital surplus	Less: Treasury share	Surplus reserve	Undistributed profits	
<b>Balance at 1 January 2019</b>	2,863,277,201	1,240,166,735	(277,180,983)	938,850,735	440,114,948	5,205,228,636
<b>Movements for the year ended 31 December 2019</b>						
Total comprehensive income						
Net profit	-	-	-	-	219,459,106	219,459,106
Total comprehensive income	-	-	-	-	219,459,106	219,459,106
Capital increase or decrease from shareholder	(38,925,482)	(129,556,777)	159,114,586	-	-	(9,367,673)
Share-based payments	(38,925,482)	(129,556,777)	159,114,586	-	-	(9,367,673)
Profit distribution	-	-	-	21,945,911	(163,094,700)	(141,148,789)
Appropriation to surplus reserve	-	-	-	21,945,911	(21,945,911)	-
Distribution to the shareholders	-	-	-	-	(141,148,789)	(141,148,789)
Capital reserve to share capital	282,563,286	(282,563,286)	-	-	-	-
<b>Balance at 31 December 2019</b>	3,106,915,005	828,046,672	(118,066,397)	960,796,646	496,479,354	5,274,171,280
<b>Balance at 1 January 2020</b>	3,106,915,005	828,046,672	(118,066,397)	960,796,646	496,479,354	5,274,171,280
<b>Movements for the year ended 31 December 2020</b>						
Total comprehensive income						
Net profit	-	-	-	-	906,971,361	906,971,361
Total comprehensive income	-	-	-	-	906,971,361	906,971,361
Capital increase or decrease from shareholder	(36,222,898)	(86,222,273)	118,066,397	-	-	(4,378,774)
Share-based payments	(36,222,898)	(86,222,273)	118,066,397	-	-	(4,378,774)
Profit distribution	-	-	-	90,697,136	(302,660,021)	(211,962,885)
Appropriation to surplus reserve	-	-	-	90,697,136	(90,697,136)	-
Distribution to the shareholders	-	-	-	-	(211,962,885)	(211,962,885)
Capital reserve to share capital						
<b>Balance at 31 December 2020</b>	3,070,692,107	741,824,399	-	1,051,493,782	1,100,790,694	5,964,800,982

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

Legal representative:

Principal in charge of accounting:

Head of accounting department:

## CSG HOLDING CO., LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(All amounts in RMB Yuan unless otherwise stated)  
[English translation for reference only]

#### 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 2020, the registered capital was RMB3,070,692,107, 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, specialised 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 .

The financial statements were authorised for issue by the Board of Directors on 13 April 2021.

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

The Group determines its specific accounting policies and accounting estimates to manufacturing and operation feature. It mainly reflected in expected credit impairment losses of receivables was measured, inventory costing method, Depreciation of fixed assets and amortization of intangible assets, criteria for determining capitalised development expenditure, and timing for revenue recognition .

Please see the key judgements adopted by the Group in applying important accounting policies.

##### (1) Basis of preparation

The financial statements are prepared in accordance with the *Accounting 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.

The financial statements have been prepared on a going concern basis.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2 Summary of significant accounting policies and accounting estimates (Cont'd)

##### (1) Basis of preparation (Cont'd)

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 2020 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 2020 and their financial performance, cash flows 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).

##### (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. If the merged party was acquired by the ultimate controlling party from a third party in the previous year, the assets and liabilities of the merged party (including the goodwill formed by the ultimate controlling party's acquisition of the merged party). 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 recognised 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 recognised 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 recognised amounts of the equity or debt securities.

##### (6) Preparation method 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



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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

**(6) Preparation of consolidated financial statements (Cont'd)**

ultimate controlling party. The portion of the net profits realised 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 unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' equity and the portion of a subsidiaries' net profits and losses and comprehensive incomes for the period not attributable to Company are recognised as minority interests and presented separately in the consolidated financial statements under equity, net profits and total comprehensive income respectively. Unrealised 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. Unrealised 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. Unrealised 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 refer to cash in hand, deposits that can be used for payment at any time, and investments with short holding periods, strong liquidity, easy conversion into known amounts of cash, and low risk of value changes.

**(8) Foreign currency conversion**

**(a) Foreign currency transaction**

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

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2 Summary of significant accounting policies and accounting estimates (Cont'd)

##### (8) Foreign currency conversion (Cont'd)

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

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

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the 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 instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument.

##### (a) Financial assets

##### (i) Classification and measurement

Based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, financial assets are classified as: (1) financial assets at amortised cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

The financial assets are measured at fair value at initial recognition. Related transaction costs that are attributable to the acquisition of the financial assets are included in the initially recognised amounts, except for the financial assets at fair value through profit or loss, the related transaction costs of which are recognised directly in profit or loss for the current period. Accounts receivable or notes receivable arising from sales of products or rendering of services (excluding or without regard to significant financing components) are initially recognised at the consideration that is entitled to be charged by the Group as expected.

##### Debt instruments

The debt instruments held by the Group refer to the instruments that meet the definition of financial liabilities from the perspective of the issuer, and are measured in the following ways.

##### Measured at amortised cost

The objective of the Group's business model is to hold the financial assets to collect the contractual cash flows, and the contractual cash flow characteristics are consistent with a

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## 2 Summary of significant accounting policies and accounting estimates (Cont'd)

### (9) Financial instrument(Cont'd)

basic lending arrangement, which gives rise on specified dates to the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The interest income of such financial assets is recognised using the effective interest method. Such financial assets mainly comprise cash at bank and on hand, placements with and loans to banks and other financial institutions measured at amortised cost, accounts receivable, factoring receivables, loans and advances, other receivables and long-term receivables. Long-term receivables that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current assets.

Financial assets at fair value through other comprehensive income:

The objective of the Group's business model is to hold the financial assets to collect the contractual cash flows and selling as target, and the contractual cash flow characteristics are consistent with a basic lending arrangement. Such financial assets are measured at fair value and their changes are included in other comprehensive income, but impairment losses or gains, exchange gains and losses, and interest income calculated by the effective interest rate method are all included in the current profit and loss. Such financial assets mainly comprise receivable financing and other financial debt investment. Other financial debt investment that are due within one year (inclusive) as from the balance sheet date are included in the current portion as other current assets.

Measured at fair value through profit or loss:

Debt instruments held by the Group that are not divided into those at amortised cost, or those measured at fair value through other comprehensive income, are measured at fair value through profit or loss and included in financial assets held for trading. At initial recognition, the Group designates a portion of financial assets as at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch. Financial assets that are due within one year (inclusive) as from the balance sheet date and are expected to be held over one year are included in other non-current financial assets.

Equity instruments

Investments in equity instruments, over which the Group has no control, joint control or significant influence, are measured at fair value through profit or loss under financial assets held for trading; investments in equity instruments expected to be held over one year as from the balance sheet date are included in other non-current financial assets.

In addition, a portion of certain investments in equity instruments not held for trading are designated as financial assets at fair value through other comprehensive income under other investments in equity instruments. The relevant dividend income of such financial assets is recognised in profit or loss for the current period.

### (ii) Impairment

The Group confirms the loss provision based on expected credit losses for financial assets measured at amortised cost.

Giving consideration to reasonable and supportable information on past events, current conditions and forecasts of future economic conditions, as well as the default risk weight, the expected credit loss was confirmed.

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

**(9) Financial instrument(Cont'd)**

As at each balance sheet date, the expected credit losses of financial instruments at different stages are measured respectively. 12-month ECL provision is recognised for financial instruments in Stage 1 that have not had a significant increase in credit risk since initial recognition; lifetime ECL provision is recognised for financial instruments in Stage 2 that have had a significant increase in credit risk yet without credit impairment since initial recognition; and lifetime ECL provision is recognised for financial instruments in Stage 3 that have had credit impairment since initial recognition.

For the financial instruments with lower credit risk on the balance sheet date, the Group assumes there is no significant increase in credit risk since initial recognition and recognises the 12-month ECL provision.

For the financial instruments in Stage 1, Stage 2 and with lower credit risk, the Group calculates the interest income by applying the effective interest rate to the gross carrying amount (before deduction of the impairment provision). For the financial instrument in Stage 3, the interest income is calculated by applying the effective interest rate to the amortised cost (after deduction of the impairment provision from the gross carrying amount).

For notes and accounts receivables and factoring receivables arising from daily business activities such as selling commodities and providing labor services, the Group recognises the lifetime expected credit loss provision regardless of whether there exists a significant financing component

In case the expected credit losses of an individually assessed financial asset cannot be evaluated with reasonable cost, the Group divides the receivables into certain groupings based on credit risk characteristics, and calculates the expected credit losses for the groupings. Basis for determined groupings and method for provision are as follows:

Notes receivables Portfolio 1	Bank acceptance Notes	Expected credit loss method
Notes receivables Portfolio 2	Trade acceptance Notes	Expected credit loss method
Accounts receivables Portfolio 1	Receivables non-related third party	Expected credit loss method
Accounts receivables Portfolio 2	Receivables related party	Expected credit loss method
Other receivables Portfolio 1	Receivables non-related third party	Expected credit loss method
Other receivables Portfolio 2	Receivables related party	Expected credit loss method

For notes and accounts receivables and receivable financing arising from daily business activities such as selling commodities and providing labor services, the Group refers to historical credit loss experience, combined with current conditions and predictions of future economic conditions. In addition to notes receivable, factoring receivables and other receivables classified as a combination, the Group refers to historical credit loss experience, combines current conditions and predictions of future economic conditions, and passes default risk exposure and future 12 The expected credit loss rate within a month or the entire duration is calculated as the expected credit loss.

The Group recognises the loss provision made or reversed into profit or loss for the current period. For debt instruments that are held at fair value and whose changes are included in other comprehensive income, the Group adjusts other comprehensive income while accounting for impairment losses or gains in the current profit or loss.

**(iii) Derecognition**

A financial asset is derecognised when any of the below criteria is met: (1) the contractual rights to receive the cash flows from the financial asset expire; (2) the financial asset has been transferred

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(9) Financial instrument(Cont'd)

and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or (3) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

(b) Financial liabilities

Financial liabilities are classified as financial liabilities at amortised cost and financial liabilities at fair value through profit or loss at initial recognition.

The Group's financial liabilities are mainly comprise financial liabilities at amortised cost, including bills payable, accounts payable, and other payables. This type of financial liability is initially measured at its fair value after deducting transaction costs, and is subsequently measured using the actual interest rate method. If the maturity is less than one year (including one year), it is listed as current liabilities; Those with a maturity of less than one year (including one year) are listed as current liabilities; those with a maturity of more than one year but due within one year (including one year) from the balance sheet date are listed as non-current liabilities due within one year. The rest are listed as non-current liabilities.

A financial liability is derecognised or partly derecognised when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognised part of the financial liability and the consideration paid is recognised in profit or loss for the current period.

(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. In valuation, the Group adopts valuation techniques applicable in the current situation and supported by adequate available data and other information, selects inputs with the same characteristics as those of assets or liabilities considered in relevant transactions of assets or liabilities by market participants, and gives priority to the use of relevant observable inputs. When relevant observable inputs are not available or feasible, unobservable inputs are adopted.

(10) Inventories

(a) Classification

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

(b) Issued Inventory costing method

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

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(10) Inventories (Cont'd)

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

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

(d) The determination of net realisable value and the method of provision for 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 realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes.

(e) The Group adopts the perpetual inventory system.

(11) 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 of investment cost

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 recognised 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.

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#### 2 Summary of significant accounting policies and accounting estimates (Cont'd)

##### (11) Long-term equity investments (Cont'd)

Under the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. The Group discontinues recognising its share of the net losses of an investee after 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 recognising the investment losses and the provisions. For changes in owners' equity of the investee other than those arising from its net profit or loss, its proportionate share is directly recorded into capital surplus, provided that the proportion of 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 unrealised profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, and then based on which the investment gains or losses are recognised. 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.

##### (12) Investment property

Investment property includes leased land use rights, land use rights held and provided for to transfer after appreciation and leased building and construction.

Investment properties are initially measured at acquisition cost. The cost of outsourcing Investment property includes the purchase price, relevant taxes and other expenditures that can be directly attributable to the asset; the cost of self-built Investment property is determined by the construction of the asset. The composition of the necessary expenditures incurred before the usable state.

Investment property adopts the fair value model for subsequent measurement without depreciation or amortization. On the balance sheet date, the book value of the investment properties are initially measured at acquisition cost is adjusted based on the fair value of the investment properties are initially measured at acquisition cost. The difference between the fair value and the original book value will be calculated into the current profit and loss.

When the use of an Investment property is changed to self-use, the investment property is converted into fixed assets or intangible assets from the date of change, and the book value and fair value of the fixed assets and intangible assets are determined based on the fair value of the investment property on the conversion date. The difference with the original book value of the investment property is included in the current profit and loss. When the purpose of self-use real estate is changed to earning rent or capital appreciation, from the date of change, the fixed assets or intangible assets are converted into investment properties are initially measured at acquisition cost, and the fair value on the

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(12) Investment property (Cont'd)

day of conversion is used as the book value of the investment properties are initially measured at acquisition cost, and the fair value on the day of conversion. If the value is less than the original book value of fixed assets and intangible assets, the difference is included in the current profit and loss. If the fair value on the day of conversion is greater than the original book value of fixed assets and intangible assets, the difference is included in other comprehensive income.

When an investment property is disposed of or permanently withdrawn from use and it is expected that no economic benefits can be obtained from its disposal, the confirmation of the investment real estate shall be terminated. The disposal income from the sale, transfer, scrapping or destruction of investment real estate shall deduct its book value and relevant taxes and shall be included in the current profits and losses. If there is an amount included in other comprehensive income on the original conversion date, it will also be carried forward and included in the current profit and loss.

(13) Fixed assets

(a) Recognition and initial measurement

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

Fixed assets are recognised 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 derecognised. All the other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

(b) Depreciation methods

Fixed assets are depreciated using the life average 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%
Transportation 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.



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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(13) Fixed assets (Cont'd)

(c) Book value of a fixed asset is reduced to the recoverable amount when the recoverable amount is below book value.

(d) Disposal

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

(14) Construction in progress

Construction in progress is recorded at actual cost. Actual cost comprises construction cost, installation cost, borrowing costs eligible for capitalised 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.

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(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 capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

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

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

(16) Intangible assets

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

(b) Patents and proprietary technologies

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

(c) Exploitation rights

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

(d) Periodical review of useful life and amortisation method

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

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(16) Intangible assets (Cont'd)

(e) Research and development

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

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

- the development of manufacturing technique has been fully demonstrated by technical team;
- 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 recognised in profit or loss in the period in which they are incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

(f) Impairment of intangible assets

Book value of intangible assets is reduced to the recoverable amount when the recoverable amount is below book value.

(17) Long-term prepaid expenses

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

(18) Impairment of long-term assets

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

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

**(18) Impairment of long-term assets (Cont'd)**

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 book value, the corresponding impairment loss is recognised. 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 recognised, it will not be reversed for the value recovered in the subsequent periods.

**(19) Employee benefits**

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

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

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

**(b) Post-employment benefits**

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

**(c) 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 labour and social security institutions have a duty to pay the basic pension insurance to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

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#### 2 Summary of significant accounting policies and accounting estimates (Cont'd)

##### (19) Employee benefits (Cont'd)

###### (d) Termination benefits

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

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 recognised 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 recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

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

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

Deferred tax assets and liabilities that meet the following conditions at the same time are listed as the net amount after offset:

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

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(22) 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. The Group makes the best estimate of the number of vesting equity instruments based on the latest obtained changes in the number of vested employees, whether the required performance conditions are met, and other follow-up information. 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.

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 are 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.

(23) Revenue recognition

The Group recognises revenue at the consideration that the Group is entitled to charge as expected when the Group has fulfilled the performance obligations in the contract, that is, the customer obtains control over relevant goods or services.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 2 Summary of significant accounting policies and accounting estimates (Cont'd)

##### (23) Revenue recognition (Cont'd)

###### (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 recognises revenue. For export sales, the Group recognises 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. The credit period granted by the Group to customers is determined based on the customer's credit risk characteristics, consistent with industry practices, and there is no major financing component. The Group's obligation to transfer goods to customers for consideration received or receivable from customers is listed as contract liabilities.

Revenue is presented as the net amount after deducting sales discounts and sales returns.

###### (b) Rendering of services

The Group provides external consulting, loading, unloading, transportation and processing labor services, and recognizes revenue within a period of time based on the progress of the completed labor. The progress of the completed labor is determined according to the proportion of the cost incurred to the estimated total cost. On the balance sheet date, the Group re-estimates the progress of completed labor services so that it can reflect changes in contract performance.

When the Group recognizes revenue based on the performance progress of the completed labor services, the portion for which the Group has obtained the unconditional right to receive payments is recognized as accounts receivable, and the remaining portion is recognized as contract assets, and the Company measures the loss reserve of accounts receivable and contract assets. according to the expected credit loss; If the contract price received or receivable by the Group exceeds the completed progress, the excess is recognized as contract liabilities. The Group presents the contract assets and contract liabilities under the same contract as a net amount.

##### (24) Provisions

Business restructuring, provisions for product warranties, loss contracts etc. are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

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

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.

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

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

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

The ordinary activitiy government grants should be counted into operating profits; the government grants which not belong ordinary activities should be counted inton non-operationg 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 recognised on a straight-line basis over the period of the lease, and are either capitalised as part of the cost of related assets, or charged as an expense for the current period.

Lease income under an operating lease is recognised 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 recognised 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



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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(27) Assets classified as held for sale (Cont'd)

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 recognised. The fixed assets are no longer be depreciated in future.

(29) Segment information

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

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn 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 judgements

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:

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(30) Critical accounting estimates and judgements(Cont'd)

(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 judgement 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 analysing following aspects: (1) whether the event affecting assets impairment occurs; (2) whether the expected obtainable present value of future cash flows is lower than the asset's carrying amount by continually using the assets or disposal; and (3) whether the assumptions used in expected obtainable present value of future cash flows are appropriate.

Various assumptions, including the discount rate and growth rate applied in the method of present value of future cash flow, are required in evaluating the recoverable amount of assets. If these assumptions cannot be conformed, the recoverable amount should be modified, and the long-term assets may be impaired accordingly.

(d) The useful life of fixed assets

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.

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(31) Significant changes in accounting policies and accounting estimates

New income standards The Ministry of Finance promulgated the Accounting Standards for Business Enterprises No.14-Income (Revised) in 2017 (hereinafter referred to as the "New Income Standards"). The new financial instrument standards, when implemented, will mainly bring the following influences to the Company's financial statements in 2020, that is as follows.

(a) Revenue

The contents and reasons of the changes in accounting policies	The line items affected	The amounts affected	
		1 January 2020	
		Consolidated	Company
Due to the implementation of the new revenue standard, the Group reclassified the advances from customers relevant to service provision to contract liabilities and reclassified the advances received from customers sales VAT tax relevant to service provision to other current liabilities.	Contract liabilities	262,026,497	-
	Other current liabilities	30,777,314	-
	Advances from customers	(292,803,811)	-

The impact of the implementation of the new income standards on items related to the 2020 financial statements compared to the original income standards is as follows:

The contents and reasons of the changes in accounting policies	The line items affected	The amounts affected	
		31 December 2020	
		Consolidated	Company
Due to the implementation of the new revenue standard, the Group reclassified the advances from customers relevant to service provision to contract liabilities and reclassified the advances received from customers sales VAT tax relevant to service provision to other current liabilities.	Contract liabilities	296,776,624	-
	Other current liabilities	34,286,292	-
	Advances from customers	(331,062,916)	-

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**2 Summary of significant accounting policies and accounting estimates (Cont'd)**

(31) Significant changes in accounting policies and accounting estimates(Cont'd)

The contents and reasons of the changes in accounting policies	The line items affected	The amounts affected	
		31 December 2020	
		Consolidated	Company
Due to the implementation of the new revenue standard, the Due to the implementation of the New Income Standards, the Company reclassified the contract performance costs related to freight cost as cost	Cost of revenue	134,209,048	-
	Selling expenses	(134,209,048)	-

The implementation of the above-mentioned revised standards has no impact on the equity attributable to shareholders of the parent company and the equity of minority shareholders in the consolidated financial statements of the Group.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 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)	1% to 13%
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 0%-13%.

(2) Tax incentives

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

Tianjin CSG Energy-Saving 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 2019 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 2019.

Wujiang CSG East China Architectural Glass Co., Ltd. ("Wujiang CSG Engineering") passed review on a high and new tech enterprise in 2020 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 2020.

Dongguan CSG Solar Glass Co., Ltd. ( "Dongguan CSG Solar" ) passed review on a high and new tech enterprise in 2020 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 2020.

Yichang CSG Polysilicon Co., Ltd. ("Yichang CSG Polysilicon") passed review on a high and new tech enterprise in 2020 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 2020.

Dongguan CSG PV-tech Co., Ltd. ( "Dongguan CSG PV-tech" ) passed review on a high and new tech enterprise in 2019 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 2019.

Hebei Shichuang Glass Co., Ltd. ( "Hebei Shichuang" ) passed review on a high and new tech enterprise in 2019 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 2019.

Wujiang CSG Glass Co., Ltd. ("Wujiang CSG") passed review on a high and new tech enterprise in 2020, 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 2020.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 3 Taxation (Cont'd)

##### (2) Tax incentives(Cont'd)

Xianning CSG Glass Co Ltd. (“Xianning CSG”) passed review on a high and new tech enterprise in 2020, 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 2020.

Xianning CSG Energy-Saving Glass Co., Ltd. (“Xianning CSG Energy-Saving”) passed review on 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”) passed review on 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”) passed review on 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” ) passed review on a high and new tech enterprise in 2019, 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 2019.

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.

Xianning CSG Photoelectric Glass Co., Ltd. ( “Xianning Photoelectric” ) passed review on a high and new tech enterprise in 2019 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 2019.

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.

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#### 3 Taxation (Cont'd)

##### (2) Tax incentives(Cont'd)

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”) Xianning 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.





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**4 Notes to the consolidated financial statements (Cont'd)**

(3) Accounts receivable

	31 December 2020	31 December 2019
Accounts receivable	714,849,669	678,240,286
Less: Provision for bad debts	<u>(33,382,536)</u>	<u>(28,559,109)</u>
	<u>681,467,133</u>	<u>649,681,177</u>

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

	31 December 2020	31 December 2019
Within 1 year	613,693,950	618,151,739
1 to 2 years	51,071,700	38,737,774
2 to 3 years	30,876,459	13,140,899
Over 3 years	<u>19,207,560</u>	<u>8,209,874</u>
	<u>714,849,669</u>	<u>678,240,286</u>

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

	31 December 2020				31 December 2019			
	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	682,344,324	95%	(13,641,135)	2%	662,934,109	98%	(13,252,932)	2%
Portfolio 2	223,200	-	(4,464)	2%	-	-	-	-
Provided for bad debts individually	<u>32,282,145</u>	5%	<u>(19,736,937)</u>	61%	<u>15,306,177</u>	2%	<u>(15,306,177)</u>	100%
	<u>714,849,669</u>	100%	<u>(33,382,536)</u>	5%	<u>678,240,286</u>	100%	<u>(28,559,109)</u>	4%

(c) For accounts receivable provided for bad debts by portfolio, the expected credit impairment loss for the portfolio is as follows:

	31 December 2020			31 December 2019		
	Carrying amount	Provision for bad debts		Carrying amount	Provision for bad debts	
	Amount	Amount	%	Amount	Amount	%
Portfolio 1	682,344,324	(13,641,135)	2%	662,934,109	(13,252,932)	2%
Portfolio 2	<u>223,200</u>	<u>(4,464)</u>	2%	-	-	-
	<u>682,567,524</u>	<u>(13,645,599)</u>	2%	<u>662,934,109</u>	<u>(13,252,932)</u>	2%

(d) As at 31 December 2020, the bad debts of receivables was RMB 32,282,145 (31 December 2019: RMB15,306,177) that to be provided individually. It mainly represented the goods receivable due from a client of the part of subsidiary, due to business dispute or deterioration of customer operations, the provision for bad debts was fully or partially accrued.

(e) Accounts receivables were written off amount of RMB 297,202 for this year, (31 December 2019: Nil).

## CSG HOLDING CO., LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 4 Notes to the consolidated financial statements (Cont'd)

##### (3) Accounts receivable (Cont'd)

(f) As at 31 December 2020, 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	<u>219,024,315</u>	<u>4,380,486</u>	<u>31%</u>

##### (4) Receivables Financing

	31 December 2020	31 December 2019
Bank acceptance notes	<u>382,527,782</u>	<u>258,296,826</u>
	<u>382,527,782</u>	<u>258,296,826</u>

(a) As at 31 December 2020, receivables financing which have been endorsed or discounted by the Group but are not yet due are as follows:

	Derecognised	Not derecognised
Bank acceptance notes	<u>2,163,905,352</u>	<u>                                </u>

##### (5) Advances to suppliers

(a) The ageing of prepayment is analysed below:

	31 December 2020		31 December 2019	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	84,647,719	99%	76,048,960	97%
1 to 2 years	1,162,756	1%	2,107,931	3%
2 to 3 years	118,166	-	39,136	-
	<u>85,928,641</u>	<u>100%</u>	<u>78,196,027</u>	<u>100%</u>

As at 31 December 2020, advances to suppliers over 1 year with a carrying amount of RMB1,280,922 (31 December 2019: RMB 2,147,067) were mainly prepaid to supplier for materials, which were not fully settled since the materials had not been received.

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**4 Notes to the consolidated financial statements (Cont'd)**

(5) Advances to suppliers (Cont'd)

(b) As at 31 December 2020, the five largest prepayment are analysed as follows:

	Balance	Percentage in total advances to suppliers balance
Total balances for the five largest advances to suppliers	<u>43,679,706</u>	<u>51%</u>

(6) Other receivables

	31 December 2020	31 December 2019
Receivables from special fund for talent	171,000,000	171,000,000
Refundable deposits	6,723,194	11,767,626
Payments made on behalf of other parties	18,672,346	15,337,999
Petty cash	969,748	328,077
Advances to suppliers(i)	10,366,164	11,710,142
Others	9,615,428	8,486,056
	<u>217,346,880</u>	<u>218,629,900</u>
Less: Provision for bad debts	<u>(16,377,026)</u>	<u>(15,775,036)</u>
	<u>200,969,854</u>	<u>202,854,864</u>

(i) The subsidiaries of Yingde CBM Mining Co., Ltd. mainly prepaid to supplier for materials. This year, the prepayments accounts are transferred to other receivables and the provision of the bad debts was provided individually in current year.

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

	31 December 2020	31 December 2019
Within 1 year	9,644,914	10,868,483
1 to 2 years	5,528,931	6,159,195
2 to 3 years	4,491,997	5,740,019
3 to 4 years	2,154,911	957,121
4 to 5 years	725,287	21,484,748
Over 5 years	194,800,840	173,420,334
	<u>217,346,880</u>	<u>218,629,900</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(6) Other receivables (Cont'd)

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

	31 December 2020				31 December 2019			
	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	205,106,845	94%	(4,136,991)	2%	206,596,853	94%	(4,138,582)	2%
Provided for bad debts individually	12,240,035	6%	(12,240,035)	100%	12,033,047	6%	(11,636,454)	97%
	<u>217,346,880</u>	<u>100%</u>	<u>(16,377,026)</u>	<u>8%</u>	<u>218,629,900</u>	<u>100%</u>	<u>(15,775,036)</u>	<u>7%</u>

(c) The reason for the bad debts was provided individually as the payment will not be recoverable due to long aging time.

(d) For other receivables provided for bad debts by portfolio, the expected credit impairment loss for the portfolio is as follows:

	31 December 2020			31 December 2019		
	Carrying amount	Provision for bad debts		Carrying amount	Provision for bad debts	
	Amount	Amount	%	Amount	Amount	%
Portfolio 1	205,106,845	(4,136,991)	2%	206,596,853	(4,138,582)	2%
	<u>205,106,845</u>	<u>(4,136,991)</u>	<u>2%</u>	<u>206,596,853</u>	<u>(4,138,582)</u>	<u>2%</u>

**CSG HOLDING CO., LTD.**

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**4 Notes to the consolidated financial statements (Cont'd)**

(6) Other receivables (Cont'd)

(e) Provision for bad debts

bad debts	Stage 1	Stage 2	Stage 3	31 December 2019
	Expected credit losses in the following 12 months (grouping)	Lifetime expected credit losses (credit unimpaired)	Lifetime expected credit losses (credit impaired)	Total
1 January 2020	4,138,582	-	11,636,454	15,775,036
Amounts in current year	-	-	-	-
— Transferred stage 2	-	-	-	-
— Transferred stage 3	-	-	-	-
— Reversed stage 2	-	-	-	-
— Reversed stage 1	-	-	-	-
Increased in current year	374,387	-	1,550,966	1,925,353
Reversed in current year	(375,978)	-	(947,385)	(1,323,363)
Disposal in current year	-	-	-	-
Write-off in current year	-	-	-	-
Other movements	-	-	-	-
31 December 2020	4,136,991	-	12,240,035	16,377,026
	4,136,991	-	12,240,035	16,377,026

(f) As at 31 December 2020, 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	Over 5Years	79%	3,420,000
Governmental departmentB	Independent third party	11,067,754	Over 5Years	5%	221,355
Company C	Independent third party	10,366,164	Over 5Years	5%	10,366,164
Company D	Independent third party	2,397,512	1 to 3years	1%	47,950
Company E	Independent third party	1,800,000	3 to 4 years	1%	36,000
		196,631,430		91%	14,091,469

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**4 Notes to the consolidated financial statements (Cont'd)**

(7) Inventories

(a) Inventories are summarised by category as follows:

	31 December 2020			31 December 2019		
	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	274,659,097	(1,756,185)	272,902,912	227,091,252	(1,930,091)	225,161,161
Work in progress	28,355,865	-	28,355,865	31,568,189	-	31,568,189
Finished goods	479,482,759	(9,369,218)	470,113,541	521,700,720	(3,873,252)	517,827,468
Turnover materials	44,603,984	(819,984)	43,784,000	38,315,093	(550,221)	37,764,872
	<u>827,101,705</u>	<u>(11,945,387)</u>	<u>815,156,318</u>	<u>818,675,254</u>	<u>(6,353,564)</u>	<u>812,321,690</u>

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

	31 December 2019	Increase in current year	Reversal in current year	31 December 2020
Raw materials	1,930,091	270,925	(444,831)	1,756,185
Finished goods	3,873,252	9,354,435	(3,858,469)	9,369,218
Turnover materials	550,221	269,763	-	819,984
	<u>6,353,564</u>	<u>9,895,123</u>	<u>(4,303,300)</u>	<u>11,945,387</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 drop in product prices results in the difference as the net realizable value is lower than the book value The amount of book value less net realisable value	Sold
Raw materials	due to sluggish or damaged raw materials	Used
Turnover materials	The amount of book value less net realisable value due to sluggish or damaged raw materials	Used

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**4 Notes to the consolidated financial statements (Cont'd)**

(8) Other current assets

	31 December 2020	31 December 2019
VAT to be offset	110,350,299	110,370,231
Enterprise income tax prepaid	17,508,242	18,012,235
VAT input to be recognised	12,106,681	19,613,465
Entrusted loan	-	300,000,000
Others	66,322	-
	<u>140,031,544</u>	<u>447,995,931</u>

(9) Investment properties

Buildings and Land use rights

31 December 2019

Increased in current year:

Transfer from fixed assets and intangible assets in the  
current year

203,173,300

Fair value movements

179,911,200

31 December 2020

383,084,500

- (i) On July 7, 2020, the ninth interim meeting of the board of directors of the company resolved to consider and approve the "Proposal on Converting Part of Self-Use Properties to Investment Investment Properties", and decided to change the use of certain self-use buildings and related land use rights to Lease out to obtain rental income.

On the conversion date, the portion of the fair value exceeding the book value is deducted from the deferred income tax liabilities due to taxation differences and included in other comprehensive income.

In 2020, the impact of changes in the fair value of investment property on the company's current profit and loss is RMB 179,911,200.

As of 31 December 2020, there was no investment property secured by company..

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**4 Notes to the consolidated financial statements (Cont'd)**

(10) Fixed assets

	Buildings	Machinery and equipment	Moto rvehicles and others	Total
Cost				
31 December 2019	3,900,630,113	11,813,659,817	222,517,407	15,936,807,337
Increase in current year				
Acquisition	1,028,289	58,988,168	22,587,282	82,603,739
Transfers from construction in progress	224,835,657	1,536,894,370	6,767,152	1,768,497,179
Decrease in current year				
Disposal or retirement	-	(39,718,908)	(11,157,085)	(50,875,993)
Transfer to construction in progress	(149,539,330)	(1,350,729,847)	(637,414)	(1,500,906,591)
Others	(41,037,039)	(9,143,295)	(12,201)	(50,192,535)
31 December 2020	3,935,917,690	12,009,950,305	240,065,141	16,185,933,136

Accumulated depreciation				
31 December 2019	931,980,928	4,611,711,739	214,066,407	5,757,759,074
Increase in current year				
Provision	118,425,705	726,157,137	18,825,740	863,408,582
Decrease in current year				
Disposal or retirement	-	(33,586,495)	(10,893,344)	(44,479,839)
Transfer to construction in progress	(22,615,651)	(322,137,730)	(345,585)	(345,098,966)
Others	(27,118,329)	(107,789)	(568)	(27,226,686)
31 December 2020	1,000,672,653	4,982,036,862	221,652,650	6,204,362,165

Provision for impairment loss				
31 December 2019	14,224,161	381,739,978	46,823	396,010,962
Increase in current year				
Provision	20,742,526	407,360,427	30,020	428,132,973
Others	-	117,613,668	-	117,613,668
Decrease in current year				
Disposal or retirement	-	(2,378,007)	-	(2,378,007)
Transfer to construction in progress	-	(103,453,194)	-	(103,453,194)
31 December 2020	34,966,687	800,882,872	76,843	835,926,402

Book value				
31 December 2020	2,900,278,350	6,227,030,571	18,335,648	9,145,644,569
31 December 2019	2,954,425,024	6,820,208,100	8,404,177	9,783,037,301



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**4 Notes to the consolidated financial statements (Cont'd)**

(10) Fixed assets (Cont'd)

(a) Fixed assets with pending certificates of ownership

	Carrying amount	Reasons for not yet obtaining certificates of title
Buildings	<u>682,255,975</u>	Have submitted the required documents and are in the process of application, or the related land use right certificate pending

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4 Notes to the consolidated financial statements (Cont'd)

(11) Construction in progress

	31 December 2020			31 December 2019		
	Carrying amount	Provision for impairment loss	Carrying amount	Carrying amount	Provision for impairment loss	Carrying amount
Yichang CSG polysilicon tech-innovation project	1,535,667,571	(594,037,334)	941,630,237	1,532,811,638	(375,097,200)	1,157,714,438
Qingyuan CSG Phase I Technological Transformation Project	413,852,963	-	413,852,963	-	-	-
Dongguan Photovoltaic Building B 450MWPERC battery technology upgrade project	204,801,994	-	204,801,994	-	-	-
Dongguan Solar Energy Phase I and II Renewal Project	51,472,490	(12,749,513)	38,722,977	78,970,995	(40,248,018)	38,722,977
Zhaoqing CSG High-end Energy-saving Glass Production Line Project	47,026,508	-	47,026,508	-	-	-
Sapphire Project for LED	32,420,412	(32,420,412)	-	32,420,412	(32,420,412)	-
Yichang Display Device Company Flat Panel Display Project	44,013,628	-	44,013,628	366,268,866	(14,160,474)	352,108,392
Anhui Fengyang Solar Energy Equipment Manufacturing Base Project	15,039,984	-	15,039,984	-	-	-
Dongguan solar energy processing production line project	5,239,399	-	5,239,399	-	-	-
Wujiang Float Processing Production Line Project	3,572,478	-	3,572,478	-	-	-
Zhaoqing CSG High-end Automobile Glass Production Line Project	3,403,090	-	3,403,090	-	-	-
Anhui Fengyangnian Quartz Sand Construction Project	1,775,552	-	1,775,552	-	-	-
Qingyuan CSG ultra-white electronic glass and ultra-white special glass production line project	-	-	-	88,706,261	-	88,706,261
Dongguan Photovoltaic Building A PERC Battery Technology Upgrade Project	-	-	-	67,981,191	-	67,981,191
Qingyuan Quartz Material Processing Production Line Project	-	-	-	34,172,703	-	34,172,703
Wujiang float glass environmental protection renovation project	-	-	-	10,281,838	-	10,281,838
Others	174,301,801	-	174,301,801	152,858,218	(405,983)	152,452,235
	<u>2,532,587,870</u>	<u>(639,207,259)</u>	<u>1,893,380,611</u>	<u>2,364,472,122</u>	<u>(462,332,087)</u>	<u>1,902,140,035</u>

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4 Notes to the consolidated financial statements (Cont'd)

(11) Construction in progress (Cont'd)

(a) Changes in major construction projects

Project name	Budget	31 December 2019	Increase in current year	Transfer to fixed assets in current year	Other decreases in current year	31 December 2020	Proportion between engineering input and budget (i)	Amount of borrowing costs capitalised	Including: Amount of borrowing costs capitalised in 2019	Capitalisation rate for in current year	Source of fund
Yichang CSG Polysilicon Technical Transformation Project	49,520,000	1,532,811,638	2,855,933	-	-	1,535,667,571	98%	-	-	-	Internal fund and bank loan
Qingyuan CSG Phase I Technological Transformation Project	217,690,000	-	426,308,753	(242,276)	(12,213,514)	413,852,963	3%	-	-	-	Internal fund and bank loan
Dongguan Photovoltaic Building B 450MWPERC battery technology upgrade project	100,990,000	-	211,570,794	-	(6,768,800)	204,801,994	-	-	-	-	Internal fund and bank loan
Dongguan Solar Energy Phase I and II Renewal Project	396,410,000	78,970,995	-	-	(27,498,505)	51,472,490	80%	-	-	-	Internal fund
Zhaoqing CSG High-end Energy-saving Glass Production Line Project	500,000,000	-	47,739,871	(713,363)	-	47,026,508	10%	90,567	90,567	3.80%	Internal fund and bank loan
Sapphire Project for LED	35,000,000	32,420,412	-	-	-	32,420,412	93%	4,650,543	-	-	Internal fund and bank loan
Yichang Display Device Company Flat Panel Display Project	1,970,000,000	366,268,866	32,578,332	(354,833,570)	-	44,013,628	90%	11,560,142	-	-	Internal fund and bank loan
Anhui Fengyang Solar Energy Equipment Manufacturing Base Project	3,739,020,000	-	15,039,984	-	-	15,039,984	-	-	-	-	Non-public offering of shares and Internal fund and bank loan
Dongguan solar energy processing production line project	76,140,000	-	5,239,399	-	-	5,239,399	7%	-	-	-	Internal fund and bank loan
Wujiang Float Processing Production Line Project	158,850,000	-	3,572,478	-	-	3,572,478	2%	-	-	-	Internal fund and bank loan
Zhaoqing CSG High-end Automobile Glass Production Line Project	609,830,000	-	3,403,090	-	-	3,403,090	1%	-	-	-	Internal fund and bank loan
Anhui Fengyangnian Quartz Sand Construction Project	739,990,000	-	1,775,552	-	-	1,775,552	-	-	-	-	Internal fund and bank loan
Qingyuan CSG ultra-white electronic glass and ultra-white special glass production line construction project	785,000,000	88,706,261	528,298,501	(617,004,762)	-	-	79%	11,066,250	8,889,552	5.02%	Internal fund and bank loan
Dongguan Photovoltaic Building A PERC Battery Technology Upgrade Project	67,180,000	67,981,191	-	(58,543,224)	(9,437,967)	-	100%	1,071,313	162,542	3.72%	Internal fund and bank loan
Qingyuan Quartz Material Processing Production Line Project	36,478,048	34,172,703	-	(31,773,011)	(2,399,692)	-	98%	-	-	-	Internal fund
Wujiang float glass environmental protection renovation project	50,300,000	10,281,838	2,009,207	(12,291,045)	-	-	61%	-	-	-	Internal fund
Yichang CSG Silicon Wafer Construction Project	29,010,000	-	525,207,950	(525,207,950)	-	-	100%	-	-	-	Internal fund
Others	1,131,630,461	152,858,218	195,517,691	(167,887,978)	(6,186,130)	174,301,801	-	295,421	20,020	-	Internal fund and bank loan
	<u>10,693,038,509</u>	<u>2,364,472,122</u>	<u>2,001,117,535</u>	<u>(1,768,497,179)</u>	<u>(64,504,608)</u>	<u>2,532,587,870</u>		<u>28,734,236</u>	<u>9,162,681</u>		

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

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**4 Notes to the consolidated financial statements (Cont'd)**

(11) Construction in progress (Cont'd)

(b) Provision for impairment of construction in progress

Project name	31 December 2019	provision increased in current year	provision from long- term assets trasfered in current year	Decrease in current year	31 December 2020
Dongguan Solar Energy Phase I and II Renewal Project	40,248,018	-	-	(27,498,505)	12,749,513
Flat Panel Display Project of Yichang Display Company	14,160,474	-	-	(14,160,474)	-
Sapphire Project for LED	32,420,412	-	-	-	32,420,412
Yichang CSG Polysilicon Technological Transformation Project (i)	375,097,200	218,940,134	-	-	594,037,334
Yichang CSG Silicon Wafer Construction Project	-	-	103,453,194	(103,453,194)	-
Others	405,983	-	-	(405,983)	-
	<u>462,332,087</u>	<u>218,940,134</u>	<u>103,453,194</u>	<u>(145,518,156)</u>	<u>639,207,259</u>

(i) Due to the fierce competition in the domestic polysilicon 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.

**CSG HOLDING CO., LTD.**

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**4 Notes to the consolidated financial statements (Cont'd)**

(12) Intangible assets and development expenditure (Cont'd)

	Land use rights	Patents and proprietary technologies	Exploitation rights	Others	Total
<b>Cost</b>					
31 December 2019	1,026,603,700	346,510,092	4,456,536	39,486,039	1,417,056,367
Increased in current year					
Acquisition in current year	87,344,000	-	115,829	2,442,298	89,902,127
Transfers from development expenditure in current year	-	65,885,948	-	-	65,885,948
Decreased in current year					
Others	(9,433,931)	-	-	(57,265)	(9,491,196)
31 December 2020	1,104,513,769	412,396,040	4,572,365	41,871,072	1,563,353,246
<b>Accumulated amortisation</b>					
31 December 2019	191,426,527	128,437,706	4,456,536	34,698,831	359,019,600
Increased in current year					
Provision in current year	22,635,053	32,857,408	5,815	2,804,908	58,303,184
Decreased in current year					
Others	(6,841,165)	-	-	(57,108)	(6,898,273)
31 December 2020	207,220,415	161,295,114	4,462,351	37,446,631	410,424,511
<b>Provision for impairment loss</b>					
31 December 2019	-	13,201,347	-	9,133	13,210,480
31 December 2020	-	13,201,347	-	9,133	13,210,480
<b>Carrying amount</b>					
31 December 2020	897,293,354	237,899,579	110,014	4,415,308	1,139,718,255
31 December 2019	835,177,173	204,871,039	-	4,778,075	1,044,826,287

As at 31 December 2020, ownership certificates of land use rights ("Land ownership Certificates") for certain land use rights of the Group with carrying amounts of approximately RMB 4,739,196 (cost: RMB 6,586,712) had not yet been obtained by the Group (31 December 2019: carrying amount: RMB 4,983,945, 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.

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**4 Notes to the consolidated financial statements (Cont'd)**

(12) Intangible assets and development expenditure (Cont'd)

Research expenditure is analysed below:

	31 December 2019	Increase in current year	Decrease in current year		31 December 2020
			Recognised as expenses	Recognised as intangible assets	
Development costs	85,240,356	29,798,999	(65,885,948)		49,153,407

In 2020, the total amount of research and development expenditures of the Group was RMB 434,641,497 (2019: RMB 440,884,641), including RMB 404,842,498 (2019: RMB 366,871,283) recorded in income statement for current period and the research and development expenditure with the amount of RMB 65,885,948 recognised as intangible assets for the current period (2019: 63,322,259). As at 31 December 2020, the intangible assets arising from internal research and development accounted for 20.56% of total of intangible assets (31 December 2019: 18.03%).

(13) Goodwill

(a) Original Book value of goodwill

	31 December 2019	Increase in current year	Decrease in current year	31 December 2020
Tianjin CSG Architectural Glass Co., Ltd.	3,039,946	-	-	3,039,946
Xianning CSG Photoelectric	4,857,406	-	-	4,857,406
Shenzhen CSG Display(i)	389,494,804	-	-	389,494,804
	<u>397,392,156</u>	<u>-</u>	<u>-</u>	<u>397,392,156</u>

(b) Impairment of goodwill

	31 December 2019	Increase in current year	Decrease in current year	31 December 2020
Shenzhen CSG Display(i)	82,294,400	81,722,063		164,016,463
	<u>82,294,400</u>	<u>81,722,063</u>		<u>164,016,463</u>

The calculation of the impairment used the higher conclusions of the two future measurement methods of the present value of the expected future cash flow and the fair value minus the disposal expenses. The methods, assumptions, asset groups, etc. of the goodwill impairment test this year was consistent with the date of purchase and the previous year.

(i) Shenzhen CSG Display adopting the method of discounting future cashflow is with the following main hypotheses:

	2020	2019
income growth for the predicted period	-7%-21%	-1%-33%
income growth for the stabilized period	0%	0%
gross profit margin	22%-27%	20%-23%
discount rate	<u>12%</u>	<u>11%</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(13) Goodwill (Cont'd)

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 81,722,063 as at 31 December 2020 (2019: RMB 61,622,400) .

(14) Deferred tax assets and liabilities

(a) Deferred tax assets before offsetting

	31 December 2020		31 December 2019	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairments	736,119,311	113,183,894	864,645,227	131,772,057
Tax losses	509,689,080	86,461,610	497,964,481	83,129,146
Government grants	175,322,807	27,297,200	182,452,278	27,367,842
Accrued expenses	7,184,597	1,077,690	30,032,597	4,504,890
Depreciation of fixed assets	18,804,540	2,822,699	19,790,300	2,968,545
	<u>1,447,120,335</u>	<u>230,843,093</u>	<u>1,594,884,883</u>	<u>249,742,480</u>
Including:				
Expected to be reversed within one year (inclusive)		11,504,204		18,423,315
Expected to be reversed after one year		219,338,889		231,319,165
		<u>230,843,093</u>		<u>249,742,480</u>

(b) Deferred tax liabilities before offsetting

	31 December 2020		31 December 2019	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Depreciation of fixed assets	540,143,676	82,946,754	494,317,001	74,147,550
Investment real estate differences between tax rules and accounting rules	370,245,713	55,536,857	-	-
	<u>910,389,389</u>	<u>138,483,611</u>	<u>494,317,001</u>	<u>74,147,550</u>

**CSG HOLDING CO., LTD.**

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**4 Notes to the consolidated financial statements (Cont'd)**

(14) Deferred tax assets and liabilities(Cont'd)

Including:

Expected to be reversed within one year (inclusive)	7,100,568	13,617,606
Expected to be reversed after one year	131,383,043	60,529,944
	<u>138,483,611</u>	<u>74,147,550</u>

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

	31 December 2020	31 December 2019
Deductible losses	<u>1,458,462,329</u>	<u>613,806,990</u>

The deductible tax losses not recognised as deferred tax assets mainly represented the tax losses of the Company and some 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 utilised, and accordingly, did not recognise the deferred tax assets.

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

	31 December 2020	31 December 2019
2020	-	94,430,197
2021	111,625,585	111,625,585
2022	83,303,539	83,303,539
2023	146,238,837	146,238,837
2024	178,208,832	178,208,832
2025	939,085,536	-
	<u>1,458,462,329</u>	<u>613,806,990</u>

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

	31 December 2020		31 December 2019	
	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	194,979,414	1,214,859,410	205,792,587	1,301,885,596
Deferred tax liabilities	<u>102,619,932</u>	<u>678,128,464</u>	<u>30,197,657</u>	<u>201,317,714</u>



**CSG HOLDING CO., LTD.**

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**4 Notes to the consolidated financial statements (Cont'd)**

(15) Other non-current assets

	31 December 2020	31 December 2019
Prepayment for equipment and project	186,849,445	88,489,893
Prepayment for lease of land use rights	6,510,000	31,910,000
	<u>193,359,445</u>	<u>120,399,893</u>

(16) Impairment of asset

	31 December 2019	Increase in current year	Other Increased in current year	Reversal in current year	Written off in current year	Other decreased in current year	31 December 2020
Provision for bad debts	44,334,145	17,652,957	-	(11,930,338)	(297,202)	-	49,759,562
Including: Provision for bad debts of accounts receivable	28,559,109	15,727,604	-	(10,606,975)	(297,202)	-	33,382,536
Provision for bad debts of other receivables	15,775,036	1,925,353	-	(1,323,363)	-	-	16,377,026
Provision for decline in the value of inventories	6,353,564	9,895,123	-	(182,199)	(4,121,101)	-	11,945,387
Provision for impairment of fixed assets	396,010,962	428,132,973	117,613,668	-	(2,378,007)	(103,453,194)	835,926,402
Provision for impairment of construction in progress	462,332,087	218,940,134	103,453,194	-	(27,904,488)	(117,613,668)	639,207,259
Provision for impairment of intangible assets	13,210,480	-	-	-	-	-	13,210,480
Provision for impairment of goodwill	82,294,400	81,722,063	-	-	-	-	164,016,463
	<u>1,004,535,638</u>	<u>756,343,250</u>	<u>221,066,862</u>	<u>(12,112,537)</u>	<u>(34,700,798)</u>	<u>(221,066,862)</u>	<u>1,714,065,553</u>

**CSG HOLDING CO., LTD.****NOTES TO THE FINANCIAL STATEMENTS  
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**4 Notes to the consolidated financial statements (Cont'd)****(17) Short-term borrowings**

	31 December 2020	31 December 2019
Credit loan	49,800,000	1,687,000,000
Guaranteed (i)	298,095,571	543,969,137
Mortgage loan	5,000,000	10,000,000
	<u>352,895,571</u>	<u>2,240,969,137</u>

(i) As at 31 December 2020, the Company provided its subsidiaries with guarantee for the short-term borrowings of RMB 298,095,571 (31 December 2019: RMB 543,969,137).

As at 31 December 2020, the interest of short-term borrowings varied from 2.05% to 4.20% (31 December 2019: 2.95% to 4.79%).

**(18) Notes payable**

	31 December 2020	31 December 2019
Trade acceptance	9,903,213	-
Bank acceptance notes	134,947,979	232,063,968
	<u>144,851,192</u>	<u>232,063,968</u>

All notes payable are due within one year.

**(19) Accounts payable**

	31 December 2020	31 December 2019
Materials payable	755,509,571	728,499,891
Equipment payable	209,292,511	174,902,946
Construction expenses payable	146,976,774	93,584,879
Freight payable	70,011,499	68,149,272
Utilities payable	49,441,605	28,835,685
Others	6,601,091	6,559,106
	<u>1,237,833,051</u>	<u>1,100,531,779</u>

As at 31 December 2020, the amount of accounts payable over 1 year was approximately RMB120,702,169 (31 December 2019: RMB180,273,623), 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.

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**4 Notes to the consolidated financial statements (Cont'd)**

(20) Advances from customers

31 December 2020                      31 December 2019

Advances for goods from customers	-	292,803,811
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(21) Contract liabilities

31 December 2020                      31 December 2019

Advances for goods from customers	296,776,624	-
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(22) Employee benefits payable

31 December 2020                      31 December 2019

Short-term employee benefits payable (a)	342,315,790	337,855,741
Defined contribution plans payable (b)	461	10,505
Termination benefits(c)	35,915	-
	<u>342,352,166</u>	<u>337,866,246</u>

(a) Short-term employee benefits

	31 December 2019	Increase in current year	Decrease in current year	31 December 2020
Wages and salaries, bonus, allowances and subsidies	317,472,525	1,351,286,940	(1,346,141,880)	322,617,585
Social security contributions	5,447	36,721,237	(36,721,396)	5,288
Including: Medical insurance	4,834	33,913,592	(33,913,469)	4,957
Work injury insurance	234	287,029	(287,263)	-
Maternity insurance	379	2,520,616	(2,520,664)	331
Housing funds	2,156,229	34,930,142	(36,068,186)	1,018,185
Labour union funds and employee education funds	18,221,540	14,179,821	(13,726,629)	18,674,732
	<u>337,855,741</u>	<u>1,437,118,140</u>	<u>(1,432,658,091)</u>	<u>342,315,790</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(22) Employee benefits payable(Cont'd)

(b) Defined contribution plans

	31 December 2019	Increase in current year	Decrease in current year	31 December 2020
Basic pensions	10,401	34,790,897	(34,800,854)	444
Unemployment insurance	104	1,461,269	(1,461,356)	17
	<u>10,505</u>	<u>36,252,166</u>	<u>(36,262,210)</u>	<u>461</u>

(c) Termination benefits

	31 December 2019	Increase in current year	Decrease in current year	31 December 2020
Other dismissal welfare	-	18,751,604	(18,715,689)	35,915
	<u>-</u>	<u>18,751,604</u>	<u>(18,715,689)</u>	<u>35,915</u>

(23) Taxes payable

	31 December 2020	31 December 2019
Enterprise income tax payable	90,295,709	49,932,889
VAT payable	82,055,265	45,587,584
Housing property tax payable	3,937,112	4,270,528
Individual income tax payable	3,600,603	5,451,521
City maintenance and construction tax payable	6,414,982	3,629,966
Educational surcharge payable	4,762,191	2,726,651
Environmental tax payable	1,901,375	1,712,052
Others	1,953,834	2,113,853
	<u>194,921,071</u>	<u>115,425,044</u>

(24) Other payables

	31 December 2020	31 December 2019
Interest payable	132,133,902	73,251,086
Dividend payable	-	2,985,563
Other payables	155,199,090	275,138,126
	<u>287,332,992</u>	<u>351,374,775</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(24) Other payables(Cont'd)

1、 Interest payable

	31 December 2020	31 December 2019
Medium term notes	37,955,556	66,227,425
Interest of long-term borrowings with periodic payments of interest and return of principal at maturity	1,590,247	474,136
short-term borrowings	330,034	6,549,525
corporate bonds	92,258,065	-
	<u>132,133,902</u>	<u>73,251,086</u>

2、 Dividend payable

	31 December 2020	31 December 2019
Restricted share dividend payable	<u>-</u>	<u>2,985,563</u>
	<u>-</u>	<u>2,985,563</u>

3、 Other payables

	31 December 2020	31 December 2019
Guarantee deposits received from construction contractors	77,932,889	75,417,942
Accrued cost of sales (i)	38,943,663	43,270,188
Payable for contracted labour costs	16,548,708	17,947,192
Temporary receipts for third parties	10,298,957	12,276,662
Deposit for disabled	4,680,725	4,735,246
Restricted share repurchase obligation	-	118,066,397
Others	6,794,148	3,424,499
	<u>155,199,090</u>	<u>275,138,126</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.

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**4 Notes to the consolidated financial statements (Cont'd)**

(25) Current portion of non-current liabilities

	31 December 2020	31 December 2019
Current portion of long-term borrowings		
- Guaranteed	127,531,709	125,475,000
Medium term notes due within 1 year	800,000,000	1,200,000,000
Current portion of finance lease	-	386,981,928
	<u>927,531,709</u>	<u>1,712,456,928</u>

(26) Other current liabilities

	31 December 2020	31 December 2019
Output VAT to be transferred	34,286,292	-
Other	300,000	300,000
	<u>34,586,292</u>	<u>300,000</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(27) Long-term borrowings

	31 December 2020	31 December 2019
Medium term notes	-	800,000,000
Guaranteed	153,253,983	190,225,000
Credit loan	700,000,000	330,000,000
	<u>853,253,983</u>	<u>1,320,225,000</u>

(i) As at 31 December 2020, the interest of long-term borrowings varied from 3.40% to 4.60% (31 December 2019: 4.70% to 7.00%).

(28) Debentures payable

	31 December 2020	31 December 2019
Corporate bonds	1,994,020,348	-
	<u>1,994,020,348</u>	<u>-</u>

Debentures name	Par value	Date of issue	Term	Issue amount	December 2019	Issued in the current year	Interest accrued at par value	Amortisation of premium/ discount	Decreased in current year	31 December 2020
20 CSG 01	100	To 2020-3-24	3 years	2,000,000,000	-	2,000,000,000	92,258,065	(5,979,652)	-	1,994,020,348
		To 2020-3-25								
				2,000,000,000	-	2,000,000,000	92,258,065	(5,979,652)	-	1,994,020,348

(i) In March 2020, after approved by the China Securities Regulatory Commission, the company was approved to publicly issue 2020 corporate bonds (first tranche) to qualified investors, with a face value of RMB 100, an issuance amount of RMB 2 billion, and a period of 3 years (annual interest payment, principal repayment at maturity), the coupon rate is 6%; the issuance date is March 24, 2020 to March 25, 2020, and the value date is March 25, 2020.

(29) Long-term account payable

	31 December 2020	31 December 2019
Finance lease payable	-	87,240,529
	<u>-</u>	<u>87,240,529</u>

**CSG HOLDING CO., LTD.**

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**4 Notes to the consolidated financial statements (Cont'd)**

(30) Deferred income

	31 December 2020	31 December 2019
Government grants	<u>498,056,081</u>	<u>513,925,557</u>

Government grants are analysed as follows:

	31 December	Increase in	Other	Non-operating	31 December	Assets/Income
	2019	current year	decrease in	income in current	2020	related
			current year	year		
Government grants						
Tianjin Energy-saving Golden Sun Project (i)	46,967,335	-	-	(3,374,892)	43,592,443	Assets related
Dongguan Engineering Golden Sun Engineering Project (ii)	37,826,250	-	-	(2,751,000)	35,075,250	Assets related
Hebei CSG Golden Sun Engineering Project (iii)	38,500,000	-	-	(2,750,000)	35,750,000	Assets related
Xianning CSG Golden Sun Project (iv)	41,921,917	-	-	(3,030,500)	38,891,417	Assets related
Wujiang CSG Infrastructure Compensation (v)	31,545,822	-	-	(4,041,538)	27,504,284	Assets related
Qingyuan Energy Saving Project (vi)	15,849,167	-	-	(1,672,551)	14,176,616	Assets related
Yichang Polysilicon Project (vii)	16,171,875	-	-	(2,812,500)	13,359,375	Assets related
Yichang CSG Silicon Wafer Auxiliary Project (viii)	15,275,961	5,530,000	-	(2,349,276)	18,456,685	Assets related
Sichuan Energy-saving Glass Project (ix)	7,167,420	-	-	(1,654,020)	5,513,400	Assets related
Group Coating Laboratory Project (x)	3,758,760	-	-	(1,356,960)	2,401,800	Assets related
Yichang High Purity Silicon Material Project (xi)	3,023,975	-	-	(303,178)	2,720,797	Assets related
Yichang Semiconductor Silicon Material Project (xii)	2,866,666	-	-	-	2,866,666	Assets related
Yichang Display Company Project (xiii)	45,767,648	-	-	(2,534,478)	43,233,170	Assets related
Xianning Optoelectronics Project (xiv)	7,280,000	-	-	(520,000)	6,760,000	Assets related
Shenzhen Medical Equipment Subsidy Project (xv)	-	8,730,000	-	(388,000)	8,342,000	Assets related
Group Talent Fund Project (xvi)	171,000,000	-	-	-	171,000,000	Assets related
						Related
						assets/Income
Others	<u>29,002,761</u>	<u>5,315,372</u>	<u>-</u>	<u>(5,905,955)</u>	<u>28,412,178</u>	<u>related</u>
	<u>513,925,557</u>	<u>19,575,372</u>	<u>-</u>	<u>(35,444,848)</u>	<u>498,056,081</u>	

- (i) The allowance was granted by Tianjin Municipal Government. The allowance was used for establishing PV power station by Tianjin Energy Conservation Company. The facilities belonged to Tianjin Energy Conservation Company. 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.



## CSG HOLDING CO., LTD.

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#### 4 Notes to the consolidated financial statements (Cont'd)

##### (30) Deferred income (Cont'd)

- (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 granted by Guangdong Province and which was a pilot project for strategic emerging industry clusters development and 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 Yi Chang CSG polysilicon Materials 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 in the estimated useful life of the relevant fixed assets.
- (xi) It represented the funds granted by Hubei local government for inport 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.

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**4 Notes to the consolidated financial statements (Cont'd)**

(30) Deferred income (Cont'd)

(xv) The allowance was granted by Shenzhen Municipal Government. The allowance was used for the production line of epidemic prevention materials for Shenzhen CSG Medical Technology Co., Ltd. The facilities belonged to Shenzhen CSG Medical Technology Co., Ltd upon completion. The allowance will be credited to income statement with the useful life of the production line.

(xvi) 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 who are working at Yichang or plane to introduction, RMB171 million fund was set up, as a special fund for talent introduction and housing resettlement.

(31) Share capital

	31 December 2019	Movement for the year ended 31 December 2020				31 December 2020
		New issues during the year	Bonus issue	Capitalisation	Others	
RMB-denominated ordinary shares	1,961,323,047	-	-	-	-	1,961,323,047
Limited selling condition shares	36,222,898	-	-	-	(36,222,898)	-
Domestically listed foreign shares	<u>1,109,369,060</u>	-	-	-	-	<u>1,109,369,060</u>
	<u>3,106,915,005</u>	-	-	-	<u>(36,222,898)</u>	<u>3,070,692,107</u>

	31 December 2018	Movement for the year ended 31 December 2019				31 December 2019
		New issues during the year	Bonus issue	Capitalisation	Others	
RMB-denominated ordinary shares	1,779,466,998	-	-	177,946,699	3,909,350	1,961,323,047
Limited selling condition shares	75,292,875	-	-	3,764,855	(42,834,832)	36,222,898
Domestically listed foreign shares	<u>1,008,517,328</u>	-	-	<u>100,851,732</u>	-	<u>1,109,369,060</u>
	<u>2,863,277,201</u>	-	-	<u>282,563,286</u>	<u>(38,925,482)</u>	<u>3,106,915,005</u>

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

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**4 Notes to the consolidated financial statements (Cont'd)**

(32) Capital surplus

	31 December 2019	Increase in current year	Decrease in current year	31 December 2020
Share premium	738,834,850	-	(83,410,590)	655,424,260
Other capital surplus	(55,615,492)	-	(2,811,683)	(58,427,175)
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	-	(2,811,683)	-
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
	<u>683,219,358</u>	<u>-</u>	<u>(86,222,273)</u>	<u>596,997,085</u>

	31 December 2018	Increase in current year	Decrease in current year	31 December 2019
Share premium	1,123,780,211	2,978,832	(387,924,193)	738,834,850
Other capital surplus	(28,440,790)	24,845,972	(52,020,674)	(55,615,492)
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	29,986,385	24,845,972	(52,020,674)	2,811,683
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
	<u>1,095,339,421</u>	<u>27,824,804</u>	<u>(439,944,867)</u>	<u>683,219,358</u>

Changes in Capital reserve this year are as follows:

After the company held the 2019 Annual General Meeting of Shareholders on May 21, 2020, the "Proposal on Repurchase and Cancellation of Certain Restricted Shares in the Restricted Stock Incentive Plan" was reviewed and approved, and 14 non-compliant shares were repurchased and cancelled. All restricted stocks for which the original incentive object has been granted but not yet lifted the restriction on sales total 909,936 shares. On June 16, 2020, the company has completed the cancellation procedures of the aforementioned restricted stocks.

**CSG HOLDING CO., LTD.**

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**4 Notes to the consolidated financial statements (Cont'd)**

(32) Capital surplus(Cont'd)

After the company held the 2019 Annual General Meeting of Shareholders on May 21, 2020, the "Proposal on Repurchase and Cancellation of Restricted Stocks That Did Not Meet the Unlocking Conditions of the Third Unlocking Period" was reviewed and approved, and 451 shareholders were reviewed and agreed to repurchase and cancel. The restricted stocks for which the incentive objects did not meet the unlocking conditions of the third unlocking period totaled 35,312,962 shares. As of June 16, 2020, the company has completed the cancellation procedures of the aforementioned restricted stocks.

(33) Treasury shares

	31 December 2019	Increase in current year	Decrease in current year	31 December 2020
Obligations of restricted share buybacks	118,066,397	-	118,066,397	-
	<u>118,066,397</u>	<u>-</u>	<u>118,066,397</u>	<u>-</u>

Description of changes in treasury stocks: the Company repurchased and cancelled the restricted shares this year to offset treasury shares.

CSG HOLDING CO., LTD.

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4 Notes to the consolidated financial statements (Cont'd)

(34) Other comprehensive income

Other comprehensive income in Income Statement for the year ended 31 December 2020								
	31 December 2019	Attributable to parent company after tax	31 December 2020	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	4,015,864	(5,900,842)	(1,884,978)	(5,900,842)	-	-	(5,900,842)	-
Income generated when self-property and land use rights are converted into investment property	-	161,151,797	161,151,797	189,590,349	-	28,438,552	161,151,797	-
	6,565,864	155,250,955	161,816,819	183,689,507	-	28,438,552	155,250,955	-
Other comprehensive income in Income Statement for the year ended 31 December 2019								
	31 December 2018	Attributable to parent company after tax	31 December 2019	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	2,530,230	1,485,630	4,015,864	1,485,630	-	-	1,485,630	-
	5,080,230	1,485,630	6,565,864	1,485,630	-	-	1,485,630	-

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**4 Notes to the consolidated financial statements (Cont'd)**

(35) Special reserve

	31 December 2019	Increase in current year	Decrease in current year	31 December 2020
Safety production costs	11,102,921	-	(833,919)	10,269,002

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

(36) Surplus reserve

	31 December 2019	Increase in current year	Decrease in current year	31 December 2020
Statutory surplus reserve	818,398,718	90,697,136	-	909,095,854
Discretionary surplus reserve	127,852,568	-	-	127,852,568
	<u>946,251,286</u>	<u>90,697,136</u>	<u>-</u>	<u>1,036,948,422</u>

	31 December 2018	Increase in current year	Decrease in current year	31 December 2019
Statutory surplus reserve	796,452,807	21,945,911	-	818,398,718
Discretionary surplus reserve	127,852,568	-	-	127,852,568
	<u>924,305,375</u>	<u>21,945,911</u>	<u>-</u>	<u>946,251,286</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 RMB 90,697,136 based on 10% of the net profit, in 2020 (2019: RMB 21,945,911 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.

**CSG HOLDING CO., LTD.**

**Notes to the financial statements  
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**4 Notes to the consolidated financial statements (Cont'd)**

(37) Undistributed profits

	2020	2019
Undistributed profit at the beginning of year	4,859,600,841	4,486,264,723
Add: Net profits attributable to shareholders of parent company	779,325,592	536,430,818
Less: Appropriation for statutory surplus reserve	(90,697,136)	(21,945,911)
Ordinary share dividends payable (a)	(211,962,885)	(141,148,789)
Undistributed profits at end of year	<u>5,336,266,412</u>	<u>4,859,600,841</u>

- (a) Pursuant to the resolution of Board of Directors of the Company on 21 May 2020, the Company paid cash dividends of RMB 0.7 (tax inclusive) for each 10 shares based on total shares of 3,070,692,107, with the total cash dividends distributed of RMB 214,948,447 (tax inclusive).

(38) Revenue and cost of sales

	2020	2019
Revenue from main operations	10,586,819,348	10,390,235,115
Revenue from other operations	84,434,097	81,792,984
	<u>10,671,253,445</u>	<u>10,472,028,099</u>

	2020	2019
Cost of sales from main operations	7,441,135,985	7,738,447,136
Cost of sales from other operations	3,329,746	4,682,478
	<u>7,444,465,731</u>	<u>7,743,129,614</u>

- (a) Revenue and cost of sales from main operations

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

	2020		2019	
	Revenue	Cost	Revenue	Cost
Glass industry	8,648,968,925	5,978,411,008	7,907,268,375	5,771,311,137
Electronic glass and display	1,080,294,536	755,486,558	1,041,131,329	736,286,553
Solar and other industries	918,644,331	768,326,863	1,498,836,942	1,287,850,977
Elimination	(61,088,444)	(61,088,444)	(57,001,531)	(57,001,531)
	<u>10,586,819,348</u>	<u>7,441,135,985</u>	<u>10,390,235,115</u>	<u>7,738,447,136</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(38) Revenue and cost of sales (Cont'd)

(b) Revenue and cost of sales from other operations

	2020		2019	
	Revenue	Cost	Revenue	Cost
Sales of raw materials and Others	84,434,097	3,329,746	81,792,984	4,682,478
	<u>84,434,097</u>	<u>3,329,746</u>	<u>81,792,984</u>	<u>4,682,478</u>

(39) Taxes and surtax

	2020	2019
City maintenance and construction tax	35,628,490	31,635,208
Educational surcharge	29,987,714	26,205,282
Housing property tax	28,957,233	31,118,379
Land use rights	12,958,802	13,478,338
Stamp tax	5,074,506	4,994,475
Environmental tax	7,731,103	8,176,508
Others	1,560,674	205,578
	<u>121,898,522</u>	<u>115,813,768</u>

(40) Selling expenses

	2020	2019
Freight expenses	12,684,512	166,179,716
Employee benefits	151,981,631	154,777,915
Entertainment fees	18,142,648	15,906,226
Business travel expenses	7,092,008	12,222,218
Vehicle use fees	7,664,729	8,061,636
Rental expenses	6,846,194	7,050,606
Depreciation expenses	908,207	906,236
Others	28,599,009	24,164,682
	<u>233,918,938</u>	<u>389,269,235</u>



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**4 Notes to the consolidated financial statements (Cont'd)**

(41) Administrative expenses

	2020	2019
Employee benefits	345,024,244	335,972,452
Depreciation expenses	60,876,687	64,780,698
Amortisation of intangible assets	58,303,184	55,705,919
General office expenses	29,724,065	23,368,748
Labour union funds	14,096,131	14,435,214
Entertainment fees	13,021,278	12,872,934
Business travel expenses	6,555,071	10,031,106
Utility fees	6,571,509	7,528,252
Canteen costs	7,475,271	7,514,315
Vehicle use fees	5,515,675	5,630,014
Consulting advisers	17,515,445	32,345,028
Shutdown loss	43,071,647	-
Others	59,226,354	32,405,970
	<u>666,976,561</u>	<u>602,590,650</u>

(42) Research and development expenses

	2020	2019
Research and development expenses	404,842,498	366,871,283
	<u>404,842,498</u>	<u>366,871,283</u>

(43) Financial expenses

	2020	2019
Interest on borrowings	282,470,740	328,728,246
Less: Capitalised interest	(9,162,681)	(9,136,496)
Interest expenses	273,308,059	319,591,750
Less: Interest income	(53,404,661)	(36,942,509)
Exchange losses	(1,688,559)	(2,869,494)
Others	5,797,081	10,637,656
	<u>224,011,920</u>	<u>290,417,403</u>

**CSG HOLDING CO., LTD.**

**Notes to the financial statements  
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**4 Notes to the consolidated financial statements (Cont'd)**

(44) 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:

	2020	2019
Changes in inventories of finished goods and work in progress	45,430,285	(219,047,868)
Consumed raw materials and low value consumables, etc.	4,061,391,717	4,432,549,735
Fuel fee	1,281,713,451	1,389,885,293
Employee benefits	1,424,069,878	1,413,140,209
Depreciation and amortisation expenses	923,292,967	972,774,759
Utility fees	541,569,991	627,935,953
Freight expenses	154,114,713	174,194,886
General office expenses	45,667,757	45,273,414
Canteen costs	35,705,412	35,334,186
Business travel expenses	16,682,603	26,251,183
Entertainment fees	34,020,807	31,635,784
Vehicle use fee	14,285,144	15,028,995
Rental expenses	21,279,601	11,370,775
Others	150,979,402	145,533,478
	<u>8,750,203,728</u>	<u>9,101,860,782</u>

(45) Gains arising from changes in fair value

	2020	2019
Investment real estate measured at fair value	179,911,200	-
	<u>179,911,200</u>	<u>-</u>

(46) Investment income

	2020	2019
Income from structural deposits	2,654,504	-
	<u>2,654,504</u>	<u>-</u>

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**4 Notes to the consolidated financial statements (Cont'd)****(47) Other income**

	2020	2019
Government subsidy amortization	35,444,848	121,319,478
Industry support funds	4,063,000	20,938,172
Research grants	9,531,120	5,641,262
Government incentive funds	29,508,022	19,639,753
Others	21,013,410	16,592,755
	<u>99,560,400</u>	<u>184,131,420</u>

**(48) Credit impairment losses**

	2020	2019
Losses on bad debts of accounts receivable	5,120,629	8,893,212
Losses on bad debts of other receivables	601,990	11,220,821
	<u>5,722,619</u>	<u>20,114,033</u>

**(49) Asset impairment losses**

	2020	2019
Impairment loss of fixed assets	428,132,973	280,503,012
Decline in the value of inventories	9,712,924	4,834,569
Impairment loss in construction in progress	218,940,134	116,364,704
Impairment loss in goodwill	81,722,063	61,622,400
	<u>738,508,094</u>	<u>463,324,685</u>

**(50) Asset disposal income**

	2020	2019
Gains on disposal of non-current assets	(1,158,984)	(909,968)
	<u>(1,158,984)</u>	<u>(909,968)</u>

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**4 Notes to the consolidated financial statements (Cont'd)****(51) Non-operating income**

	2020	2019	Amount of non-recurring gains and losses included in 2020
Government grants (a)	100,000	-	100,000
Compensation income	2,985,667	4,557,620	2,985,667
Amounts unable to pay	4,572,559	1,384,296	4,572,559
Others	6,711,613	1,885,918	6,711,613
	<u>14,369,839</u>	<u>7,827,834</u>	<u>14,369,839</u>

**(52) Non-operating expenses**

	2020	2019	Amount of non-recurring gains and losses included in 2020
Compensation	1,507,494	4,126,950	1,507,494
Donation	17,321,288	1,659,000	17,321,288
Others	1,725,613	3,654,137	1,725,613
	<u>20,554,395</u>	<u>9,440,087</u>	<u>20,554,395</u>

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**4 Notes to the consolidated financial statements (Cont'd)**

(53) Income tax expenses

	2020	2019
Current income tax	238,941,249	159,871,302
Deferred income tax	54,796,896	(58,184,252)
	<u>293,738,145</u>	<u>101,687,050</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:

	2020	2019
Total profit	<u>1,105,691,126</u>	<u>662,106,627</u>
Income tax expenses calculated at applicable tax rates by company	181,218,682	94,958,274
Effect of changes in tax rates	-	2,130,542
Costs, expenses and losses not deductible for tax purposes	2,517,415	2,091,925
Deductible losses of unrecognised deferred income tax assets in the previous period	(2,772,095)	(2,495,678)
Deductible losses for which no deferred tax asset was recognised in current period	161,018,094	44,552,208
Effect of tax incentives	(42,340,548)	(37,141,013)
Reconciliation of income tax for prior years in annual filing	(5,903,403)	(2,409,208)
Income tax expenses	<u>293,738,145</u>	<u>101,687,050</u>

## CSG HOLDING CO., LTD.

### Notes to the financial statements for the year ended 31 December 2020

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#### 4 Notes to the consolidated financial statements (Cont'd)

##### (54) 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:

	2020	2019
Consolidated net profit attributable to ordinary shareholders of parent company	779,325,592	536,430,818
Weighted average number of outstanding ordinary	3,070,692,107	3,070,692,107
Basic earnings per share	0.25	0.17

##### (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 2020, the Company had diluted earnings per shares of RMB 0.25 (2019: RMB 0.17 per share).

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**4 Notes to the consolidated financial statements (Cont'd)****(55) Notes to the cash flow statement****(a) Cash generated by other operating activities**

	2020	2019
Government grants	83,690,924	96,231,197
Interest income	53,404,661	36,942,509
Others	40,668,625	25,288,419
	<u>177,764,210</u>	<u>158,462,125</u>

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

	2020	2019
Freight expenses	50,765,589	187,867,670
Canteen costs	38,460,290	35,334,186
General office expenses	39,088,171	37,580,121
Business travel expenses	17,586,616	27,054,902
Entertainment fees	31,779,755	28,986,055
Vehicle use fee	12,831,298	15,028,995
Maintenance fee	22,961,067	27,637,953
Rental expenses	22,006,257	11,370,775
Insurance	13,934,943	12,270,654
Fees	5,797,081	10,637,656
Consulting advisers	24,030,410	20,605,172
Others	143,813,446	188,822,406
	<u>423,054,923</u>	<u>603,196,545</u>

**(c) Cash generated by other investing activities**

	2020	2019
Entrusted Loan	300,000,000	-
Income from trial production of construction in progress	124,382,895	33,207,228
Deposit	10,794,429	3,442,232
	<u>435,177,324</u>	<u>36,649,460</u>

**CSG HOLDING CO., LTD.**

**Notes to the financial statements  
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**4 Notes to the consolidated financial statements (Cont'd)**

(55) Notes to the cash flow statement(Cont'd)

(d) Cash paid relating to other investing activities

	2020	2019
Trial production expenditure in construction	118,741,948	55,177,375
	<u>118,741,948</u>	<u>55,177,375</u>

(e) Cash generated by other financing activities

	2020	2019
Income from finance lease	-	200,000,000
Received deposit and security deposit	153,698,226	-
	<u>153,698,226</u>	<u>200,000,000</u>

(f) Cash payments relating to other financing activities

	2020	2019
Repay financing leases	478,319,392	1,024,419,924
Deposit	-	150,493,884
Payment of loan, security and fee for bills	3,460,879	11,591,508
Equity incentive fund	122,445,171	144,286,387
	<u>604,225,442</u>	<u>1,330,791,703</u>



## CSG HOLDING CO., LTD.

### Notes to the financial statements for the year ended 31 December 2020

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#### 4 Notes to the consolidated financial statements (Cont'd)

##### (56) Supplementary information to the cash flow statement

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

	2020	2019
Net profit	811,952,981	560,419,577
Add: Provision for asset impairment	738,508,094	463,324,685
Provision for credit impairment	5,722,619	20,114,033
Depreciation of fixed assets	863,408,582	915,355,376
Amortisation of intangible assets	58,303,184	55,705,919
Net movements of safety production costs	-	5,034,321
Amortisation of long-term prepaid expenses	1,581,201	1,713,464
Employee compensation based on share	-	(24,195,870)
Losses on disposal of fixed assets and intangible assets	1,158,984	909,968
Financial expenses	273,308,059	319,591,750
Gains arising from changes in fair value	(179,911,200)	-
Investment income	(2,654,504)	-
Decrease/(increase) in deferred tax assets	10,813,173	(66,263,069)
Increase/(decrease) in deferred tax liabilities	43,983,723	8,078,817
(Increase)/decrease in inventories	(8,426,451)	(216,530,491)
Increase in operating receivables	(84,621,855)	106,031,510
Increase in operating payables	197,493,046	229,746,330
Net cash flows from operating activities	<u>2,730,619,636</u>	<u>2,379,036,320</u>

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

	2020	2019
Cash and cash equivalents at end of year	2,124,028,196	1,831,835,030
Less: Cash and cash equivalents at beginning of year	(1,831,835,030)	(2,225,126,913)
Net increase in cash and cash equivalents	<u>292,193,166</u>	<u>(393,291,883)</u>

**CSG HOLDING CO., LTD.**

**Notes to the financial statements  
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**4 Notes to the consolidated financial statements (Cont'd)**

(56) Supplementary information to the cash flow statement(Cont'd)

(c) Cash and cash equivalents

	31 December 2020	31 December 2019
Cash		
- Cash on hand	2,725	4,268
- Bank deposits that can be readily drawn on demand	1,463,954,484	1,781,830,762
- Other cash balances that can be readily drawn on demand	660,070,987	50,000,000
Cash at end of year	<u>2,124,028,196</u>	<u>1,831,835,030</u>

(57) Assets with restricted ownership or use rights

	2020	2019	Reason
Monetary assets	1,760,707	155,145,388	Restricted deposit flow
Property, plant and equipment	238,490,675	1,373,926,910	Limited finance lease and Restricted mortgage loan
	<u>240,251,382</u>	<u>1,529,072,298</u>	

**CSG HOLDING CO., LTD.**

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**4 Notes to the consolidated financial statements (Cont'd)**

(58) Monetary items denominated in foreign currencies

	31 December 2020		
	Balances denominated in foreign currencies	Exchange rates	Balances denominated in RMB
Cash at bank and on hand—			
- HKD	7,126,662	0.8416	5,997,799
- USD	2,544,013	6.5249	16,599,430
- JPY	16,088,877	0.0632	1,016,817
- AUD	798	5.0163	4,003
- EUR	11,070	8.0250	88,837
			<u>23,706,886</u>
Accounts receivable—			
- HKD	1,655,084	0.8416	1,392,919
- USD	12,924,847	6.5249	84,333,333
- EUR	834,785	8.0250	6,699,153
			<u>92,425,405</u>
Short-term borrowings—			
- HKD	75,000,000	0.8416	63,120,000
			<u>63,120,000</u>
Accounts payable —			
- HKD	4,596,965	0.8416	3,868,806
- USD	7,300,070	6.5249	47,632,226
- EUR	527,250	8.0250	4,231,184
- JPY	3,363,149	0.0632	212,551
			<u>55,944,767</u>
Contract liabilities—			
- HKD	8,232,713	0.8416	6,928,651
- USD	3,554,074	6.5249	23,189,977
- EUR	125	8.0250	1,003
			<u>30,119,631</u>

## **CSG HOLDING CO., LTD.**

### **Notes to the financial statements for the year ended 31 December 2020**

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#### **5 The changes of consolidation scope**

On 7 January 2020, the Group set up a Overseas subsidiary, CSG (Thailand) Co., Ltd.. and the Group has not invested . The Group owns 100% of its equity.

On 5 February 2020, the Group set up a subsidiary, Anhui CSG New Energy Material Technology Co., Ltd.(Anhui Energy Company) and the Group has invested RMB 20,000,000 . The Group owns 100% of its equity.

On 8 February 2020, the Group set up a subsidiary, Anhui CSG Quartz Material Co., Ltd.(Anhui Quartz Company) and the Group has invested RMB 3,000,000 . The Group owns 100% of its equity.

On 10 February 2020, the Group set up a subsidiary, Shenzhen CSG Medical Technology Co., Ltd. (Shenzhen CSG Medical Company)and the Group has invested RMB 20,000,000 . The Group owns 100% of its equity.

On 31 August 2020, the Group set up a subsidiary, CSG (Suzhou) Corporate Headquarters Management Co., Ltd. and the Group has invested RMB 20,000,000 . The Group owns 100% of its equity.

## CSG HOLDING CO., LTD.

### Notes to the financial statements for the year ended 31 December 2020

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#### 6 Equity in other entities

##### (1) Interest in subsidiaries

##### (a) Structure of the enterprise group

As at 31 December 2020, 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 generation	-	100%
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	-	100%
Zhaoqing Energy Saving Company	Zhaoqing, PRC	Zhaoqing, PRC	Production and sales of various special glasses	100%	-
Zhaoqing Automobile Company	Zhaoqing, PRC	Zhaoqing, PRC	Production and sales of various special glasses	100%	-
Anhui Energy Company	Fengyang, PRC	Fengyang, PRC	Production and sales of solar glass products	100%	-
Anhui Quartz Company	Fengyang, PRC	Fengyang, PRC	Production and sales of solar glass products	100%	-

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**6 Interest in subsidiaries (Cont'd)**

(1) Interest in subsidiaries (Cont'd)

(b) Subsidiaries with significant minority interests

Subsidiaries	Shareholding of minority shareholders	Profit or loss attributable to minority shareholders for the year ended 31 December 2020	Dividends distributed to minority shareholders for the year ended 31 December 2020	Minority interests as at 31 December 2020
Shenzhen CSG Display	39.2%	31,669,296	-	372,634,677

(b) Main financial information of important non-wholly-owned subsidiaries

	31 December 2020					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen CSG Display	304,147,421	1,405,344,962	1,709,492,383	630,254,366	81,201,074	711,455,440

	2020			
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Shenzhen CSG Display	621,866,879	87,177,194	87,177,194	170,160,539

(2) Equity in associates

Name	Time of registration	Registered capital(Million)	Shareholding (%)	Relationship with the Group
Yichang Nanxing Automotive Electronics Co., Ltd.	13 October 2020	90	30.4%	Associate
Yichang Rongsheng New Material Co., Ltd.	19 October 2020	5	39%	Associate

As of December 31, 2020, the Group has not actually invested capital to the above associates.

**CSG HOLDING CO., LTD.**

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**7 Segment information**

The Group's business activities are classified 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.
- Solar and other segment divisions, responsible for the production and sales of polysilicon and solar cell module products, photovoltaic energy development and other 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.

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**7 Segment information (Cont'd)**

(a) Segment information as at and for the year ended 31 December 2020 is as follows:

	Flat glass	Electronic glass and displays	Solar and other industries	Unallocated	Elimination	Total
Revenue from external customers	8,666,093,920	1,083,132,521	916,115,834	5,911,170	-	10,671,253,445
Inter-segment revenue	43,677,341	4,229,293	72,667,092	212,060,390	(332,634,116)	-
Interest income	2,140,733	1,471,264	402,262	49,390,402	-	53,404,661
Interest expenses	(30,646,424)	(12,125,558)	(15,354,096)	(215,274,796)	92,815	(273,308,059)
Asset impairment losses	(7,746,072)	(1,038,135)	(648,001,824)	(81,722,063)	-	(738,508,094)
Credit impairment loss	31,741	(229,992)	(3,965,108)	(1,559,260)	-	(5,722,619)
Depreciation and amortisation expenses	(601,759,885)	(164,905,846)	(150,718,578)	(5,908,658)	-	(923,292,967)
Total profit/(loss)	1,711,049,125	185,625,578	(475,933,924)	(315,049,653)	-	1,105,691,126
Income tax (expenses)/income	(222,653,492)	(23,877,511)	(49,229,706)	2,022,564	-	(293,738,145)
Net profit/(loss)	<u>1,488,395,633</u>	<u>161,748,067</u>	<u>(525,163,630)</u>	<u>(313,027,089)</u>	<u>-</u>	<u>811,952,981</u>
Total assets	<u>8,618,862,132</u>	<u>3,784,793,003</u>	<u>3,227,533,456</u>	<u>2,251,726,307</u>	<u>-</u>	<u>17,882,914,898</u>
Total liabilities	<u>2,075,265,799</u>	<u>688,502,626</u>	<u>326,834,407</u>	<u>4,176,428,180</u>	<u>-</u>	<u>7,267,031,012</u>
Increase in non-current assets	<u>337,211,912</u>	<u>615,441,677</u>	<u>128,344,547</u>	<u>6,281,914</u>	<u>-</u>	<u>1,087,280,050</u>



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**7 Segment information (Cont'd)**

(b) Segment information as at and for the year ended 31 December 2019 is as follows:

	Flat glass	Electronic glass and displays	Solar and other industries	Unallocated	Elimination	Total
Revenue from external customers	7,919,060,504	1,041,459,512	1,499,613,429	11,894,654	-	10,472,028,099
Inter-segment revenue	60,720,111	2,748,558	42,593,191	70,311,058	(176,372,918)	-
Interest income	2,298,783	1,462,028	366,887	32,814,811	-	36,942,509
Interest expenses	(106,131,665)	(25,138,973)	(34,842,227)	(153,625,419)	146,534	(319,591,750)
Asset impairment losses	(599,105)	-	(401,103,180)	(61,622,400)	-	(463,324,685)
Credit impairment loss	(14,142,940)	(131,168)	(5,891,379)	51,454	-	(20,114,033)
Depreciation and amortisation expenses	(613,199,303)	(185,107,441)	(168,548,956)	(5,919,059)	-	(972,774,759)
Total profit/(loss)	1,075,860,225	237,606,588	(396,687,471)	(254,672,715)	-	662,106,627
Income tax (expenses)/income	(141,068,203)	(30,038,136)	67,801,285	1,618,004	-	(101,687,050)
Net profit/(loss)	<u>934,792,022</u>	<u>207,568,452</u>	<u>(328,886,186)</u>	<u>(253,054,711)</u>	<u>-</u>	<u>560,419,577</u>
Total assets	<u>8,101,022,462</u>	<u>3,293,542,774</u>	<u>3,999,003,979</u>	<u>2,807,666,744</u>	<u>-</u>	<u>18,201,235,959</u>
Total liabilities	<u>2,190,661,316</u>	<u>757,717,011</u>	<u>597,803,728</u>	<u>4,789,198,376</u>	<u>-</u>	<u>8,335,380,431</u>
Increase in non-current assets	<u>190,498,106</u>	<u>143,904,520</u>	<u>189,301,563</u>	<u>3,954,944</u>	<u>-</u>	<u>527,659,133</u>

## CSG HOLDING CO., LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 7 Segment information (Cont'd)

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	2020	2019
Mainland	9,538,506,225	9,123,825,213
Overseas	1,132,747,220	1,348,202,886
	<u>10,671,253,445</u>	<u>10,472,028,099</u>
Total non-current assets	31 December 2020	31 December 2019
Mainland	12,652,550,312	13,249,557,840
Hong Kong, PRC	12,463,605	12,535,219
	<u>12,665,013,917</u>	<u>13,262,093,059</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) General information of the Group's associate

The general information of the associates are set out in Note 6(2).

**CSG HOLDING CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
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**8 Related parties and related party transactions (Cont'd)**

(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 the company's largest shareholder of taking concerted action
Suzhou Baoqi Logistics Co., Ltd.	Related parties of the company's largest shareholder of taking concerted action
Wuxi Baowan Department Store Co., Ltd. Nanjing Yanziji Store	Related parties of the company's largest shareholder of taking concerted action
Baoneng Department Store Retail Co., Ltd.	Related parties of the company's largest shareholder of taking concerted action
Guangdong Chubang Food Co., Ltd.	Directors of the company serve as directors of its parent company

(5) Related party transactions

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

Related parties	Related transaction	Transaction pricing policy	2020	2019
Suzhou Baoqi Logistics Co., Ltd.	Receive service	Market price	2,117,344	-
Wuxi Baowan Department Store Co., Ltd. Nanjing Yanziji Store	Purchase of goods	Market price	2,866,100	-
Others	Purchase of goods	Market price	330,568	-
			5,314,012	-

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**8 Related parties and related party transactions (Cont'd)**

(5) Related party transactions(Cont'd)

Selling goods and providing services

Related parties	Related transaction content	Transaction pricing policy	2020	2019
Shenzhen Jushenghua Co., Ltd.	Sales of goods	Market price	12,118,000	-
Guangdong Chubang Food Co., Ltd.	Sales of goods	Market price	1,500,000	-
Baoneng Department Store Retail Co., Ltd.	Sales of goods	Market price	899,940	-
Others	Sales of goods	Market price	4,485,120	-
			<u>19,003,060</u>	<u>-</u>

Note: Other related parties will be listed together as they showed many companies and the amounts are scattered

(b) Purchase of insurance

Related parties	Related party transactions	2020	2019
Shenzhen Qianhai Ruinan Investment LLP	Buy life insurance for employees	5,086,401	3,567,910
Xinjiang Qianhai United Property & Casualty Insurance	Buy car insurance for employees	1,099,639	235,095
		<u>6,186,040</u>	<u>3,803,005</u>

(c) Leases

None

(d) Gains on equity transfer

None

(e) Acquisition of equity

None

(f) Advances paid on behalf of related parties

None

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**8 Related parties and related party transactions (Cont'd)**

(5) Related party transactions(Cont'd)

(g) Remuneration of key management

	2020	2019
Remuneration	<u>23,628,100</u>	<u>21,940,800</u>

(6) Accounts receivable from related parties

(a) Receivables

Related parties	31 December 2020		31 December 2019	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Baoneng Department Store Retail Co., Ltd.	192,000	3,840	-	-
Others	<u>31,200</u>	<u>624</u>	<u>-</u>	<u>-</u>
	<u>223,200</u>	<u>4,464</u>	<u>-</u>	<u>-</u>

(b) payables

Related parties	2020	2019
Suzhou Baoqi Logistics Co., Ltd.	<u>2,617,344</u>	<u>-</u>
	<u>2,617,344</u>	<u>-</u>

(7) 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	2020	2019
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 company did not borrow loan from above company in 2020.

## CSG HOLDING CO., LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 9 Share Payment

##### 1. Overall situation of share payment

The total number of various equity instruments that have repurchased in the current period	36,222,898 shares
Total amount of various equity instruments that the company exercises during the current period	-
The total number of equity instruments granted by the company in the current period	-
Restricted shares	

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. A 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 2nd temporary meeting of shareholders held on 6 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 September 10 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 during 2017. 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.

On December 12, 2018, the company held the 8th meeting of the 8th board of directors, and the meeting of the 8th board of supervisors. The meetings approved the "Proposal concerning the repurchase and cancellation of some restricted shares from the 'incentive plan' of restricted shares" , and the meetings approved to repurchase and cancel a total of 436,719 restricted shares which have already been granted to and held by 8 recipients who are unqualified for the "incentive plan" . this was reviewed and approved by the third temporary meeting of shareholders on December 28 2018. As of June 18, 2019, The cancellations of above restricted shares have been finished.

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**9 Share Payment (Cont'd)**

(1) Overall situation of share payment(Cont'd)

On April 16, 2019, the company held the 8th meeting of the 8th board of directors, and the 8th meeting of the 8th board of supervisors. The meetings approved the “Proposal concerning the repurchase and cancellation of some restricted shares from the ‘incentive plan’ of restricted shares”, and the “Proposal concerning the repurchase and cancellation of restricted shares failing to meet the second-term unlocking condition”. The meetings approved to repurchase and cancel a total of 3,473,329 restricted shares which have already been granted to and held by 14 recipients who are unqualified for the “incentive plan”, and repurchase and cancel a total of 33,734,276 restricted shares failing to meet the second-term unlocking condition from 483 “incentive” recipients. Independent directors agreed with this and it was approved by the annual general meeting of shareholders on May 9 2019. By June 18 2019, the cancellations procedure of above restricted shares have been accomplished.

On September 16 2019, the Company held the 8th temporary meeting of Board members and the 8th temporary meeting of Supervisors. The meetings reviewed and approved the “Proposal concerning the repurchase and cancellation of some restricted shares from the ‘incentive plan’ of restricted shares”. The meetings approved to repurchase and cancel a total of 1,281,158 restricted shares which have already been granted to and held by 18 recipients unqualified for the “incentive plan”, this was reviewed and approved by the 4th temporary meeting of shareholders on October 10 2019. The cancellations of above restricted shares have not been finished yet.

On September 16 2019, the Company held the 8th temporary meeting of Board member members and the 8th temporary meeting of Supervisors, 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 in 2017. A total of 71 recipients of the incentive plan were able to fulfil the conditions. The amount of 3,909,350 shares could be released from restrictions, except for the 3 reserved incentive recipients who have resigned and no longer meet the conditions for lifting sales restrictions. The restricted shares was released and listed by company on September 25 2019.

After the company held the 2019 Annual General Meeting of Shareholders on May 21, 2020, the "Proposal on Repurchase and Cancellation of Certain Restricted Shares in the Restricted Stock Incentive Plan" was reviewed and approved, and 14 non-compliant shares were repurchased and cancelled. All restricted stocks for which the original incentive object has been granted but not yet lifted the restriction on sales total 909,936 shares. On June 16, 2020, the company has completed the cancellation procedures of the aforementioned restricted stocks.

After the company held the 2019 Annual General Meeting of Shareholders on May 21, 2020, the "Proposal on Repurchase and Cancellation of Restricted Stocks That Did Not Meet the Unlocking Conditions of the Third Unlocking Period" was reviewed and approved, and 451 shareholders were reviewed and agreed to repurchase and cancel. The restricted stocks for which the incentive objects did not meet the unlocking conditions of the third unlocking period totaled 35,312,962 shares. As of June 16, 2020, the company has completed the cancellation procedures of the aforementioned restricted stocks.

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.

## CSG HOLDING CO., LTD.

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#### 9 Share Payment (Cont'd)

##### (1) Overall situation of share payment(Cont'd)

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	128,276,983
Total equity confirmed by equity-settled share-based payment in this period	-

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 unlockable 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 surplus.

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 and capital surplus-other capital surplus " of each period accordingly.



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#### 9 Share Payment (Cont'd)

##### (2) Equity-settled share payment(Cont'd)

By the 2nd 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 September 10 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 during 2017. 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.

On December 12, 2018, the company held the 8th meeting of the 8th board of directors, and the 8th meeting of the 8th board of supervisors. The meetings approved the “Proposal concerning the repurchase and cancellation of some restricted shares from the ‘incentive plan’ of restricted shares” , and the meetings approved to repurchase and cancel a total of 436,719 restricted shares which have already been granted to and held by 8 recipients who are unqualified for the “incentive plan” . this was reviewed and approved by the third temporary meeting of shareholders on December 28 2018. As of June 18, 2019, The cancellations of above restricted shares have been finished.

In addition, according to the Group’ s performance in 2018, the unlocking conditions for the first 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 year end ,expenses for the second post lock-up period for the ordinary A restricted shares was reduced by RMB 41,856,285.

On April 16, 2019, the company held the 8th meeting of the 8th board of directors, and the 8th meeting of the 8th board of supervisors. The meetings approved the “Proposal concerning the repurchase and cancellation of some restricted shares from the ‘incentive plan’ of restricted shares” , and the “Proposal concerning the repurchase and cancellation of restricted shares failing to meet the second-term unlocking condition” . The meetings approved to repurchase and cancel a total of 3,473,329 restricted shares which have already been granted to and held by 14 recipients who are unqualified for the “incentive plan” , and repurchase and cancel a total of 33,734,276 restricted shares failing to meet the second-term unlocking condition from 483 “incentive” recipients. Independent directors agreed with this and it was approved by the annual general meeting of shareholders on May 9 2019. By June 18 2019, the cancellations procedure of above restricted shares have been accomplished.

On September 16 2019, the Company held the 8th temporary meeting of Board members and the 8th temporary meeting of Supervisors. The meetings reviewed and approved the “Proposal concerning the repurchase and cancellation of some restricted shares from the ‘incentive plan’ of restricted shares” . The meetings approved to repurchase and cancel a total of 1,281,158 restricted shares which have already been granted to and held by 18 recipients unqualified for the “incentive plan” , this was reviewed and approved by the 4th temporary meeting of shareholders on October 10 2019. The cancellations of above restricted shares have not been finished yet.

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#### 9 Share Payment (Cont'd)

##### (2) Equity-settled share payment(Cont'd)

On September 16 2019,the Company held the 8th temporary meeting of Board member members and the 8th temporary meeting of Supervisors , 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 in 2017 . A total of 71 recipients of the incentive plan were able to fulfil the conditions. The amount of 3,909,350 shares could be released from restrictions,except for the 3 reserved incentive recipients who have resigned and no longer meet the conditions for lifting sales restrictions. The restricted shares was released and listed by company on September 25 2019.

After the company held the 2019 Annual General Meeting of Shareholders on May 21, 2020, the "Proposal on Repurchase and Cancellation of Certain Restricted Shares in the Restricted Stock Incentive Plan" was reviewed and approved, and 14 non-compliant shares were repurchased and cancelled. All restricted stocks for which the original incentive object has been granted but not yet lifted the restriction on sales total 909,936 shares. On June 16, 2020, the company has completed the cancellation procedures of the aforementioned restricted stocks.

After the company held the 2019 Annual General Meeting of Shareholders on May 21, 2020, the "Proposal on Repurchase and Cancellation of Restricted Stocks That Did Not Meet the Unlocking Conditions of the Third Unlocking Period" was reviewed and approved, and 451 shareholders were reviewed and agreed to repurchase and cancel. The restricted stocks for which the incentive objects did not meet the unlocking conditions of the third unlocking period totaled 35,312,962 shares. As of June 16, 2020, the company has completed the cancellation procedures of the aforementioned restricted stocks.

#### 10 Contingencies

Nil.

#### 11 Commitments

##### (1) Capital expenditure 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 2020	31 December 2019
Buildings, machinery and equipment	<u>552,259,223</u>	<u>491,835,351</u>

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#### 11 Commitments(Cont'd)

##### (2) Operating lease commitments

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

	31 December 2020	31 December 2019
Within 1 year	7,813,728	2,457,100
1 to 2 years	541,288	1,412,642
2 to 3 years	-	652,804
Over 3 years	-	60,000
	<u>8,355,016</u>	<u>4,582,546</u>

#### 12 Events after the balance sheet date

##### (a) Statement of profit distribution after balance sheet date

	Amount
Proposed distribution of cash dividends	<u>307,069,211</u>

According to the resolution of the board of directors on April 13, 2021, the board of directors proposed that the company distribute a cash dividend of RMB 307,069,211 to all shareholders. This proposal is approving by the general meeting of shareholders. The cash dividend proposed after the balance sheet date has not been confirmed in this financial statement as a liability.

#### 13 Other significant events

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

##### (a) Matter description

As at 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 in 2014. The company of Yichang CSG PolysSilicon 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 PolysSilicon 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 PolysSilicon 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.

## CSG HOLDING CO., LTD.

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#### 13 Other significant events(Cont'd)

- (1) 171 million special funds for the introduction of talents was follow-up progress. (Cont'd)
- (b) Subsequent progress

It is be heard that the Shenzhen People's Procuratorate has filed a public prosecution with the Shenzhen Intermediate People's Court for Zeng Nan and others' crimes of breach of trust to damage the interests of listed companies .This case has been filed by the court of Shenzhen Intermediate People's Court and is currently being heard.

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

		December 31, 2020		December 31, 2019	
		Book balance	Bad debt preparation	Book balance	Bad debt preparation
Other receivables	Yichang Hongtai Real Estate Company	171,000,000	(3,420,000)	171,000,000	(3,420,000)

#### 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 market and seeks to reduce 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.

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**14 Financial instrument and risk (Cont'd)**

(1) Market risk (Cont'd)

On 31 December 2020, book values in RMB equivalent of the Group's assets and liabilities denominated in foreign currencies are summarized below:

	31 December 2020			Total
	USD	HKD	Others	
Financial assets denominated in foreign currency -				
Cash at bank and on hand	16,599,430	5,997,799	1,109,657	23,706,886
Receivables	84,333,333	1,392,919	6,699,153	92,425,405
	<u>100,932,763</u>	<u>7,390,718</u>	<u>7,808,810</u>	<u>116,132,291</u>
Financial liabilities denominated in foreign currency -				
Short-term borrowings	-	63,120,000	-	63,120,000
Payables	47,632,226	3,868,806	4,443,735	55,944,767
	<u>47,632,226</u>	<u>66,988,806</u>	<u>4,443,735</u>	<u>119,064,767</u>
	31 December 2019			Total
	USD	HKD	Others	
Financial assets denominated in foreign currency -				
Cash at bank and on hand	41,907,573	3,907,829	354,589	46,169,991
Receivables	80,789,758	1,487,715	7,527,045	89,804,518
	<u>122,697,331</u>	<u>5,395,544</u>	<u>7,881,634</u>	<u>135,974,509</u>
Financial liabilities denominated in foreign currency -				
Short-term borrowings	4,938,410	67,185,000	-	72,123,410
Payables	39,609,462	275	11,628,253	51,237,990
	<u>44,547,872</u>	<u>67,185,275</u>	<u>11,628,253</u>	<u>123,361,400</u>

On 31 December 2020, if the currency had strengthened/weakened by 10% against the USD while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB 4,530,546 lower/higher (31 December 2019: approximately RMB 6,642,704 lower/higher) for various financial assets and liabilities denominated in USD.

On 31 December 2020, 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 RMB 5,065,837 higher/lower (31 December 2019: approximately RMB5,252,127higher/lower ) for various financial assets and liabilities denominated in HKD.

Other changes in exchange rate had no significant impact on the Group's operating activities.

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**14 Financial instrument and risk (Cont'd)**

(b) Foreign exchange 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 2020, the Group's long-term interest-bearing debts at and fixed rates and floating rates are illustrated below:

	31 December 2020	31 December 2019
Debt at fixed rates	2,105,274,331	951,975,000
Debt at floating rates	<u>742,000,000</u>	<u>368,250,000</u>
	<u>2,847,274,331</u>	<u>1,320,225,000</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.

## CSG HOLDING CO., LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 14 Financial instrument and risk (Cont'd)

##### (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.

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 2020				Total
	Within 1 year	1 to 2 years	2 to 5years	Over 5 years	
Short-term borrowings	357,872,322	-	-	-	357,872,322
Notes payable	144,851,192	-	-	-	144,851,192
Accounts payable	1,237,833,051	-	-	-	1,237,833,051
Other payables	287,332,992	-	-	-	287,332,992
Other current liabilities	34,586,292	-	-	-	34,586,292
Non-current liabilities due					
within one year	951,180,309	-	-	-	951,180,309
Long-term payables	32,663,037	731,295,181	154,771,873	-	918,730,091
Bonds payable	120,000,000	120,000,000	2,027,741,935	-	2,267,741,935
	<u>3,166,319,195</u>	<u>851,295,181</u>	<u>2,182,513,808</u>	<u>-</u>	<u>6,200,128,184</u>

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**14 Financial instrument and risk (Cont'd)**

(3) Liquidity risk (Cont'd)

	31 December 2019				Total
	Within 1 year	1 to 2 years	2 to 5years	Over 5 years	
Short-term borrowings	2,279,068,830	-	-	-	2,279,068,830
Notes payable	232,063,968	-	-	-	232,063,968
Accounts payable	1,100,531,779	-	-	-	1,100,531,779
Other payables	351,374,775	-	-	-	351,374,775
Other current liabilities	300,000	-	-	-	300,000
Current portion of non-Current liabilities	1,749,763,512	-	-	-	1,749,763,512
Long-term payables	-	87,240,529	-	-	87,240,529
Long-term borrowings	81,253,313	1,338,406,582	19,752,667	-	1,439,412,562
	<u>5,794,356,177</u>	<u>1,425,647,111</u>	<u>19,752,667</u>	<u>-</u>	<u>7,239,755,955</u>



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**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) Assets continuously measured at fair value

By December 31, 2020, the Group's using assets and liabilities measured at fair value are listed three levels as followings:

	31 December 2020			Total
	Level 1	Level 2	Level 3	
Measured at fair value through other comprehensive income				
-Receivables Financing	-	382,527,782	-	382,527,782
Investment property	-	383,084,500	-	383,084,500
	-	765,612,282	-	765,612,282

(b) Assets and liability that 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, ect.

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 2020		31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Medium term notes	800,000,000	803,364,000	800,000,000	807,757,600
Corporate bonds	1,994,020,348	1,987,041,277	-	-
	2,794,020,348	2,790,405,277	800,000,000	807,757,600

The fair values of Corporate bonds and 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, thereinto medium term notes belong to Level 2.

## CSG HOLDING CO., LTD.

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#### 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 2020 and 31 December 2019, the Group's gearing ratio is as follows:

	31 December 2020	31 December 2019
Total liabilities	7,267,031,012	8,335,380,431
Total assets	17,882,914,898	18,201,235,959
Gearing ratio	<u>41%</u>	<u>46%</u>

#### 17 Notes to the Company's financial statements

##### (1) Other receivables

	31 December 2020	31 December 2019
Dividend receivable	249,087,257	-
Other receivables	<u>3,554,821,112</u>	<u>3,179,500,967</u>
	<u>3,803,908,369</u>	<u>3,179,500,967</u>

##### 1、 Dividend receivable

	31 December 2020	31 December 2019
Dividends receivable from subsidiaries	<u>249,087,257</u>	-
	<u>249,087,257</u>	-

##### 2、 Other receivables

	31 December 2020	31 December 2019
Receivables from related parties	3,383,284,639	3,008,955,525
Others	<u>176,588,183</u>	<u>174,025,961</u>
	<u>3,559,872,822</u>	<u>3,182,981,486</u>
Less: Provision for bad debts	<u>(5,051,710)</u>	<u>(3,480,519)</u>
	<u>3,554,821,112</u>	<u>3,179,500,967</u>

**CSG HOLDING CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
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(All amounts in RMB Yuan unless otherwise stated)  
[English translation for reference only]

**17 Notes to the Company's financial statements (Cont'd)**

1、 Other receivables (Cont'd)

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

	31 December 2020	31 December 2019
Within 1 year	3,384,862,561	3,010,311,816
Over 1 year	175,010,261	172,669,670
	<u>3,559,872,822</u>	<u>3,182,981,486</u>

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

	31 December 2020				31 December 2019			
	Carrying amount		Provision for bad debts		Carrying amount		Provision for bad debts	
	% of total		Provision		% of total		Provision for	
	Amount	balance	for bad deb	%	Amount	balance	bad debts	%
Provision for bad debts by groupings								
- Group 1	175,037,217	5%	(3,500,744)	2%	174,025,961	5%	(3,480,519)	2%
- Group 2	3,383,284,639	95%	-	-	3,008,955,525	95%	-	-
Provided for bad debts individually	1,550,966	-	(1,550,966)	100%	-	-	-	-
	<u>3,559,872,822</u>	100%	<u>(5,051,710)</u>	-	<u>3,182,981,486</u>	100%	<u>(3,480,519)</u>	-

(c) For other receivables provided for bad debts by portfolio, the expected credit impairment loss for the portfolio is as follows:

	31 December 2020			31 December 2019		
	Carrying amount Amount	Provision for bad debts Amount	%	Carrying amount Amount	Provision for bad debts Amount	%
Group 1	175,037,217	(3,500,744)	2%	174,025,961	(3,480,519)	2%
Group 2	<u>3,383,284,639</u>	-	-	<u>3,008,955,525</u>	-	-
	<u>3,558,321,856</u>	<u>(3,500,744)</u>	-	<u>3,182,981,486</u>	<u>(3,480,519)</u>	-

CSG HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS  
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(All amounts in RMB Yuan unless otherwise stated)  
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**17 Notes to the Company's financial statements (Cont'd)**

1、 Other receivables (Cont'd)

(d) Provision for bad debts

bad debts	Stage 1	Stage 2	Stage 3	31 December 2020
	Expected credit losses in the following 12 months (grouping)	Lifetime expected credit losses (credit unimpaired)	Lifetime expected credit losses (credit impaired)	Total
1 January 2020	3,480,519	-	-	3,480,519
Amounts in current year	-	-	-	-
— Transferred stage 2	-	-	-	-
— Transferred stage 3	-	-	-	-
— Reversed stage 2	-	-	-	-
— Reversed stage 1	-	-	-	-
Increased in current year	150,698	-	1,550,966	1,701,664
Reversed in current year	(130,473)	-	-	(130,473)
Disposal in current year	-	-	-	-
Write-off in current year	-	-	-	-
Other movements	-	-	-	-
31 December 2020	3,500,744	-	1,550,966	5,051,710
	3,500,744	-	1,550,966	5,051,710

(e) As at 31 December 2020, the Group's top five entities with the largest other receivables balances are analysed as below:

	Relationship with the Group	Amount	Ageing	% of total balance
Qingyuan Energy Saving Company	Subsidiary	448,107,500	Within 1 year	13%
Dongguan Solar Energy Company	Subsidiary	422,094,604	Within 1 year	12%
Zhaoqing Energy Saving Company	Subsidiary	402,155,013	Within 1 year	11%
Wujiang CSG	Subsidiary	366,879,876	Within 1 year	10%
Yichang Display Company	Subsidiary	362,874,592	Within 1 year	10%
		2,002,111,585		56%

(2) Long-term equity investments

	31 December 2020	31 December 2019
Subsidiaries (a)	5,859,507,870	5,094,465,574
Less: Impairment provision for investments in subsidiaries (a)	(15,000,000)	(15,000,000)
	5,844,507,870	5,079,465,574

**CSG HOLDING CO., LTD.**

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(All amounts in RMB Yuan unless otherwise stated)  
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**17 Notes to the Company's financial statements (Cont'd)**

(2) Long-term equity investments (Cont'd)

(a) Subsidiaries

	31 December 2019	Movement in current year		31 December 2020	Provision for impairment loss	Cash dividends declared in current year
		Additional investment	Decrease in investment			
Chengdu CSG	151,397,763	-	-	151,397,763	-	-
Sichuan Energy Conservation Company	119,256,949	-	-	119,256,949	-	53,482,298
Tianjin Energy Conservation Company	247,833,327	-	-	247,833,327	-	-
Dongguan Engineering Company	198,276,242	-	-	198,276,242	-	-
Dongguan Solar Energy Company	355,120,247	-	-	355,120,247	-	82,942,502
Yichang Silicon Material Company	640,856,170	-	-	640,856,170	-	-
Wujiang Engineering Company	254,401,190	-	-	254,401,190	-	95,738,229
Hebei CSG	266,189,705	-	-	266,189,705	-	-
CSG (Hong Kong) Co., Ltd.	87,767,304	-	-	87,767,304	-	281,000,000
Wujiang CSG	567,645,430	-	-	567,645,430	-	433,440,276
Hebei Windows Company (i)	246,370,595	-	(246,370,595)	-	-	111,288,209
Jiangyou Sands Company	102,415,096	-	-	102,415,096	-	-
Xianning Float Company	181,116,277	-	-	181,116,277	-	37,988,203
Xianning Energy Saving Company	165,452,035	-	-	165,452,035	-	-
Qingyuan Energy Saving Company	303,273,105	582,000,000	-	885,273,105	-	-
Shenzhen CSG Financial Leasing Co., Ltd.	133,500,000	-	-	133,500,000	-	-
Shenzhen CSG Photovoltaic Energy Co., Ltd.	100,335,176	-	-	100,335,176	-	-
Shenzhen Display Company	550,765,474	-	-	550,765,474	-	-
Xianning Optoelectronics Company (i)	139,755,437	-	(139,755,437)	-	-	12,644,275
Zhaoqing Energy Saving Company	12,801,000	116,900,000	-	129,701,000	-	-
Zhaoqing CSG Automotive Glass Co., Ltd.	12,601,000	30,600,000	-	43,201,000	-	-
Dongguan CSG PV-tech	3,443,855	378,668,328	-	382,112,183	-	-
Anhui Energy Company	-	20,000,000	-	20,000,000	-	-
Anhui Quartz Company	-	3,000,000	-	3,000,000	-	-
Shenzhen CSG Medical Company	-	20,000,000	-	20,000,000	-	-
Others (ii)	253,892,197	-	-	253,892,197	(15,000,000)	-
	<u>5,094,465,574</u>	<u>1,151,168,328</u>	<u>(386,126,032)</u>	<u>5,859,507,870</u>	<u>(15,000,000)</u>	<u>1,108,523,992</u>

**CSG HOLDING CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in RMB Yuan unless otherwise stated)  
[English translation for reference only]

**17 Notes to the Company's financial statements (Cont'd)**

(2) Long-term equity investments (Cont'd)

(a) Subsidiaries (Cont'd)

(i) During the year, the company traded its subsidiary Hebei Window Company and Xianning Optoelectronics Company to its wholly-owned subsidiary Qingyuan Energy Conservation Company, and Hebei Window Company and Xianning Optoelectronics Company were changed to Sun Company.

(ii) Subsidiaries for which impairment provision has been made are those that have basically ceased operations in previous years. The company has made provision for impairment of long-term equity investments in these companies in previous years based on recoverable amounts.

(3) Long-term receivables

	31 December 2020	31 December 2019
medium term notes and long-term borrowings allocated to subsidiaries	-	1,200,000,000
Less: Provisions for impairment	-	-
	<u>-</u>	<u>1,200,000,000</u>

	31 December 2019	Movements in current year	31 December 2020	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)		-	-
	<u>1,200,000,000</u>	<u>(1,200,000,000)</u>		<u>-</u>	<u>-</u>

**CSG HOLDING CO., LTD.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

(All amounts in RMB Yuan unless otherwise stated)  
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**17 Notes to the Company's financial statements (Cont'd)**

(4) Other payables

	31 December 2020	31 December 2019
Interest payable	131,513,019	41,186,139
Dividend payable	-	2,985,563
Other payables	870,622,683	1,598,984,750
	<u>1,002,135,702</u>	<u>1,643,156,452</u>

1、 Interest payable

	31 December 2020	31 December 2019
Interest payable for medium term notes	37,955,556	38,604,028
Interest payable for short-term borrowings	53,256	2,582,111
Interest payable for long-term borrowings	1,246,142	-
Interest payable for corporate bonds	92,258,065	-
	<u>131,513,019</u>	<u>41,186,139</u>

2、 Dividend payable

	31 December 2020	31 December 2019
Restricted share dividend payable	-	2,985,563
	<u>-</u>	<u>2,985,563</u>

3、 Other payables

	31 December 2020	31 December 2019
Subsidiaries	861,745,492	1,472,164,176
Share repurchase	-	118,066,397
Others	8,877,191	8,754,177
	<u>870,622,683</u>	<u>1,598,984,750</u>

(5) Investment income

	2020	2019
Investment income from long-term equity investment under cost method	1,108,523,992	390,105,325
Income from structural deposits	2,654,504	-
Proceeds from long-term equity transfer	25,261,102	-
	<u>1,136,439,598</u>	<u>390,105,325</u>

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

**I Statement of non-recurring gains and losses**

	2020	2019
Gains or losses on disposal of non-current assets	1,158,984	909,968
Government grants recognised in profit or loss for current period	(99,660,400)	(184,131,420)
Income from external entrusted loans	(5,546,384)	(11,894,654)
Fair value movement of investment property	(179,911,200)	-
Income from structural deposits	(2,654,504)	-
Non-operating income and expenses other than aforesaid items	6,284,556	1,612,253
	(280,328,948)	(193,503,853)
Effect of income tax	38,334,180	25,951,263
Effect of minority interests (after tax)	2,645,633	5,507,988
Total non-recurring gains and losses	(239,349,135)	(162,044,602)

**(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 net assets		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	2020	2019	2020	2019	2020	2019
Net profit attributable to ordinary shareholders of the Company	7.91	5.77	0.25	0.17	0.25	0.17
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	5.48	4.03	0.18	0.12	0.18	0.12



## **Section XI. 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.  
15 April 2021