

Stock code: 000012; 200012;
112021; 112022;

Short form of the stock: CSG A; CSG B
10 CSG 01; 10 CSG 02

Notice No.: 2014-023

CSG HOLDING CO., LTD.

SUMMARY of SEMI-ANNUAL REPORT 2014



Chairman of the Board:

ZENG NAN

August 2014

SUMMARY of SEMI-ANNUAL REPORT 2014

1. Important Notice

The summary of semi-annual report is excerpted from the full text of the semi-annual report. For the details, investors should carefully read the full text of the semi-annual report published on Juchao Information website (www.cninfo.com.cn) and Shenzhen Stock Exchange Website and so on which appointed by CSRC.

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.

Company profile

Short form for share	Southern Glass A、Southern Glass B	Code for share	000012、200012
Listing stock exchange	Shenzhen Stock Exchange		
Person/Way to contact	Secretary of the Board	Rep. of security affairs	
Name	Zhou Hong	Li Tao	
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2. Main accounting data and changes of the shareholders

(1) Main accounting data

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

☐ Yes ☒ No

	The report period (Jan. to Jun.2014)	The same period of last year	Increase/decrease in this report period year-on-year (%)
Operating income (RMB)	3,262,681,672	3,536,965,783	-7.75%
Net profit attributable to shareholders of the listed company(RMB)	589,210,439	353,719,746	66.58%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	242,934,925	323,142,979	-24.82%
Net cash flow arising from operating activities(RMB)	580,928,207	707,258,712	-17.86%
Basic earnings per share (RMB/Share)	0.28	0.17	64.71%
Diluted earnings per share (RMB/Share)	0.28	0.17	64.71%
Weighted average ROE (%)	7.38%	5.10%	2.28%
	End of this period	End of last year	Increase/decrease in this period-end over the same period of last year-end (%)
Total assets (RMB)	14,796,960,553	15,078,866,777	-1.87%
Net assets attributable to shareholder of listed company (RMB)	8,019,143,515	8,047,894,139	-0.36%

(2) Particulars about top ten shareholders

Total shareholders in the report period	217,800					
Particular about top ten shareholders						
Full name of Shareholders	Nature of shareholder	Proportion of shares held (%)	Amount of shares held	Amount of restricted shares held	Number of share pledged/frozen	
					Share status	Amount
China Northern Industries Corporation	State-owned legal person	3.62%	75,167,934	0		
Xin Tong Chan Industrial Development (Shenzhen) Co., Ltd.	Domestic non state-owned legal person	2.99%	62,052,845	0		
Shenzhen International Holdings (Shenzhen) Co., Ltd.	Domestic non state-owned legal person	2.88%	59,778,813	0		
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.72%	15,003,364	0		
ICBC—Lion Value Growth Stock Investment Fund	Domestic non state-owned legal person	0.67%	14,000,000	0		
CMBC—Yinhua 100 Grading Stock Investment Fund	Domestic non state-owned legal person	0.64%	13,301,406	0		
PICC Life – Dividend – Personal insurance	Domestic non state-owned legal person	0.51%	10,653,131	0		
CMS (H.K.)	Foreign legal person	0.51%	10,542,928	0		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	0.48%	9,928,203	0		
ICBC—Rongtong 100 Index Stock Investment Fund	Domestic non state-owned legal person	0.44%	9,204,358	0		
Explanation on associated relationship among the aforesaid shareholders	Among shareholders as listed above, Shenzhen International Holdings (Shenzhen) Co., Ltd. and Xin Tong Chan Development (Shenzhen) Co., Ltd. are holding enterprises and belong to controlling enterprise of Shenzhen International Holdings Co., Ltd.. Except for this, It is unknown whether other shareholders belong to related party or have associated relationship regulated by the Management Regulation of Information Disclosure on Change of Shareholding for Listed Companies.					
Explanation on shareholders involving margin business (if applicable)	N/A					

(3) Particular about preferred share held by top ten shareholders

☐Applicable ☒Not applicable

There was no preferred share held by the Company's shareholders.

(4) Changes of controlling shareholder or actual controller

Changes of controlling shareholder in the report period

☐Applicable ☒Not applicable

Controlling shareholders have no changed in the report period.

Changes of actual controller in the report period

☐Applicable ☒Not applicable

Actual controller has no changed in the report period.

3. Management discussion and analysis

In the first half year of 2014, the global economies still moved forward slowly. The economic recovery was still rough due to lots of uncertain factors, though the economy of advanced economies headed by America showed a sign of slow recovery. Being influenced by many factors, such as real estate industry adjustment, structural transformation of economy, insufficient demand as well as over capacity, relevant industries in China moved downward obviously, and the market environment for entity economies became extremely severe. Confronting the ups and downs of economic environment, the Company made full use of its own advantages, responded actively to the adverse impact from market environment. Meanwhile, the Company continued to optimize mechanism of R&D innovation, enhance construction of R&D system and ability, increase input for R&D, further deepen differentiation strategies with technological innovation and management innovation, and consolidate the foundation of fine management. In the first half year of 2014, CSG implemented operating income of RMB 3,263 million and net profit of RMB 589 million (already deducted minority shareholders profit and loss), a year-on-year growth of 66.58%. After deducting non-recurring gains/losses, CSG gained net profit of RMB 243 million, among which RMB 64.96 million decreased due to shares of the fine glass held by CSG reduced and the profit of fine glass industry declined as well.

Affected by adjustment of real estate and over capacity in the first half year of 2014, float glass industry suffered a greater impact. As the price of float glass keeping downside and the cost of soda ash and gas retaining upside, the pressure on float industry became more and more intensified and the whole industry was in the state of poor performance. To cope with unfavorable market environment, flat glass division of the Company continued to reinforce cost control, energy-saving and consumption-reducing, and greatly promote the manufacture and sales of differentiated goods and high-grade products. In the first half year, flat glass division achieved revenue of RMB 1,847 million with a year-on-year growth of 3.1%, and profit of RMB 150 million with a slight decline year-on-year.

In the first half year of 2014, there was a slowdown in market demand of architectural glass due to adjustment of real estate market, meanwhile, as homogeneous competition intensified, sales and profit of conventional products were affected. Architectural glass division of the Company maintained stable through strengthening management and proactively promoting the sales of differentiate goods, such as double-silver and triple-silver products. In the first half year, architectural glass division gained revenue of RMB 1,420 million with a year-on-year growth of 15.64% and net profit of RMB 237 million with a year-on-year growth of 25.95%.

In the first half year of 2014, PV market was still in its slump under double pressure of over capacity and trade protection from Europe & America. In order to cope with severe market surrounding, the Company conducted a comprehensive transformation of polysilicon production line in order to greatly lower the production cost and improve the competitiveness of products. Polysilicon production line has entered the commercial operation so far, and achieved earnings already. In the first half year, PV industry realized revenue of RMB 405 million with deficit of RMB 2.92 million, and reduced losses of RMB 6.50 million compared with the same period of last year.

4. Matters relevant to financial report

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

☐Applicable ☒Not applicable

There was no change of accounting policy, accounting estimate and accounting method in the report period.

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

☐Applicable ☒Not applicable

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

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

☒Applicable ☐Not applicable

On 11 March 2014, the Company signed an agreement with third party, Truly Wealth Limited to purchase its 2% shares of China Southern Glass (Australia) Limited. On 1 April 2014, the transfer procedure was completed, therefore, the Company obtained the control right and China Southern Glass (Australia) Limited incorporated into the consolidation range of the Company. The equity of China Southern Glass (Australia) Limited held by the Company increased from 49% to 51%. On the combination day, the Company gained AUD 16,107 of net assets of China Southern Glass (Australia) Limited with dealing price of AUD 10,000.

On 11 September 2013, the Company signed an irrevocable equity transfer agreement with third party, Golden Time Investment Consultant (Shenzhen) Co., Ltd. to dispose its 100% shares of Shenzhen CSG Float Glass Co., Ltd. at RMB 918,000,000. The disposal was completed in April 2014 and the disposal subsidiary was excluded the consolidation range of the Company.

(4)Statement of Board of Directors, Board of supervisors on non-standard audit report from CPA for the report period

☐Applicable ☒ Not applicable

**Board of Directors of
CSG Holding Co., Ltd.
5 August 2014**