

CSG HOLDING CO., LTD.

**2009 Annual Report Summary**



**Chairman of the Board:**

**ZENG NAN**

**March, 2010**

## CSG HOLDING CO., LTD.

### 2009 Annual Report Summary

#### §1. Important Notice

1.1 Board of Directors and the Supervisory Committee of CSG Holding Co., Ltd. (hereinafter referred to as the Company) and its directors, supervisors and senior executives hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities jointly and severally, for the truthfulness, accuracy and completeness of the whole contents.

The 2009 annual report summary is abstracted from the full text of annual report. And the investors are suggested to read the full text of the Annual Report to understand more details. And the English translation is reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

1.2 PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co., Ltd audited the Annual Financial Report 2009, and issued standard unqualified Auditor's Report.

1.3 Mr. Zeng Nan, Chairman of the Board & CEO of the Company, CFO Mr. Luo Youming and principle of the financial department Mr. Huang Yanbin confirm that the Financial Report enclosed in this 2009 Annual Report is true and complete.

#### §2. Company Profile

##### 2.1 Basic information

Short form of stock	Southern Glass A, Southern Glass B
Stock code	000012, 200012
Listed stock exchange	Shenzhen Stock Exchange
Registered address	CSG Building, No.1, the 6 <sup>th</sup> Industrial Road, Shekou, Shenzhen, P.R.C.
Post code of registered address	518067
Office address:	CSG Building, No.1, the 6 <sup>th</sup> Industrial Road, Shekou, Shenzhen, P.R.C.
Post code of office address:	518067
Internet web site of the Company	www.csgholding.com
E-mail	csg@csgholding.com

## 2.2 Contact person and method

	Secretary of the Board	Securities Affairs Representative
Name	Wu Guobin	Li Tao
Contact address	CSG Building, No.1, the 6 <sup>th</sup> Industrial Road, Shekou, Shenzhen, P.R.C.	CSG Building, No.1, the 6 <sup>th</sup> Industrial Road, Shekou, Shenzhen, P.R.C.
Telephone	(86) 755-26860666	(86) 755-26860666
Fax	(86) 755-26692755	(86) 755-26692755
E-mail	securities@csgholding.com	securities@csgholding.com

## §3. Summary of Accounting Data and Financial Indexes

### 3.1 Major accounting data

Unit: RMB

	Year 2009	Year 2008	Percentage change between 2009 and 2008	Year 2007
Revenue	5,279,100,133	4,273,375,853	23.53%	4,187,962,628
Total profit	989,064,781	502,035,458	97.01%	634,467,082
Net profit attributable to equity holders of the Company	831,944,393	420,079,848	98.04%	431,484,803
Net profit attributable to equity holders of the Company after extraordinary gains and losses	881,934,137	350,296,529	151.77%	412,588,587
Net cash flows from operating activities	1,670,237,426	1,030,211,774	62.13%	1,102,315,515
	31 Dec 2009	31 Dec 2008	Percentage change on 31 Dec 2009 compared to 31 Dec 2008	31 Dec 2007
Total assets	10,913,350,017	10,376,061,066	5.18%	8,452,981,947
Total equity attributable to equity holders of the Company	5,315,523,161	4,544,606,539	16.96%	4,007,014,118
Share capital	1,223,738,124	1,237,103,124	-1.08%	1,187,963,124

### 3.2 Major financial indices

Unit: RMB

	2009	2008	Percentage change between 2009 and 2008	2007
Basic earnings per share	0.68	0.35	94.29%	0.41
Diluted earnings per share	0.68	0.35	94.29%	0.41
Earnings per share calculated based on latest share capital	0.68	-	-	-
Basic earnings per share after extraordinary gains and losses	0.72	0.29	148.28%	0.39
Weighted average return on equity (%)	16.86%	9.77%	Increase 7.09 percentage points	14.50%
Weighted average return on equity after extraordinary gains and losses (%)	17.87%	8.14%	Increase 9.73 percentage points	13.86%
Net cash flows from operating activities per share	1.36	0.83	63.86%	0.93
	31 Dec 2009	31 Dec 2008	Percentage change on 31 Dec 2009 compared to 31 Dec 2008	31 Dec 2007
Total assets per share for equity holders of the Company	4.34	3.67	18.26%	3.37

Note: On 20 January 2010, the Company bought back and wrote off restricted A share amounted to 1,042,500 shares which have not been released held by 9 resigned incentive staffs. Therefore, the total shares of the Company changed to 1,222,695,624 shares from 1,223,738,124 shares since 20 January 2010.

#### Items of extraordinary gains and losses

Applicable       Inapplicable

Unit: RMB

Items of extraordinary gains and losses	Amount
Gains and losses on disposal of non-current assets	-107,764,956
Government subsidies recognized as gains and losses	23,865,251
Gains on disposal of available-for-sale financial assets	17,538,302
Net value of other non-operating expenses	173,425
Tax effects on extraordinary gains and losses	19,237,132
Extraordinary gains and losses of minority interests	-3,038,898
Total	-49,989,744

### 3.3 Differences between CAS and IAS

Applicable       Inapplicable

## §4. Changes in Share Capital and Particulars about Shareholders

### 4.1 Changes in share capital

Unit: Share

	Before the change		Increase/Decrease in the period (+/-)		After the change	
	Amount	Proportion	Other	Sub-total	Amount	Proportion
I. Restricted shares	248,743,006	20.11%	-40,468,006	-40,468,006	208,275,000	17.02%
1) State-owned shares	0	0	0	0	0	0
2) State-owned legal person's shares	90,837,560	7.34%	-10,837,560	-10,837,560	80,000,000	6.54%
3) Other domestic shares	145,902,277	11.79%	-27,002,277	-27,002,277	118,900,000	9.72%
Including:						
- Domestic legal person's shares	108,662,277	8.78%	-16,162,277	-16,162,277	92,500,000	7.56%
- Domestic natural person's shares	37,240,000	3.01%	-10,840,000	-10,840,000	26,400,000	2.16%
4) Foreign-owned shares	0	0	0	0	0	0
Including:						
- Foreign legal person's shares	0	0	0	0	0	0
- Foreign natural person's shares	0	0	0	0	0	0
5) Senior executive shares	12,003,169	0.97%	-2,628,169	-2,628,169	9,375,000	0.77%
II. Unrestricted shares	988,360,118	79.89%	27,103,006	27,103,006	1,015,463,124	82.98%
1) RMB Ordinary shares	539,781,299	43.63%	27,103,006	27,103,006	566,884,305	46.32%
2) Domestic listed foreign shares	448,578,819	36.26%	0	0	448,578,819	36.66%
3) Overseas listed foreign shares	0	0	0	0	0	0
4) Others	0	0	0	0	0	0
III. Total shares	1,237,103,124	100%	-13,365,000	-13,365,000	1,223,738,124	100%

## Changes of restricted shares

Unit: Share

Name of the restricted shareholders	Restricted amount held in the year-begin	Amount converted to tradable in 2009	Amount of restricted shares increased in 2009	Restricted amount held at the year-end	Reason of be restricted	Date of the rest conversions
China Ping An Trust & Investment Co., Ltd.	80,000,000	0	0	80,000,000	Due to Private placement	2010.10.15
Citic Securities Co., Ltd.	80,000,000	0	0	80,000,000	Due to Private placement	2010.10.15
Shenzhen International Holdings (SZ) Limited (Note)	11,769,634	11,775,397	5,763	0	Commitments from Share Merger Reform	2009.6.16
China Northern Industry Corporation	10,837,560	10,843,276	5,716	0	Commitments from Share Merger Reform	2009.6.16
Xing Tong Chan Industrial Development (Shenzhen) Co., Ltd.	4,272,643	4,278,025	5,382	0	Commitments from Share Merger Reform	2009.6.16
CIL Holdings Limited	6,250,000	0	0	6,250,000	Due to Private placement	2010.10.15
Zhejiang Silicon Paradise Pengcheng Venture & Investment Co., Ltd.	6,250,000	0	0	6,250,000	Due to Private placement	2010.10.15
3 former non-tradable shareholders who performed the Share Merger Reform in 2006	120,000	103,139	-16,861	0	Commitments from Share Merger Reform	2009.8.28
Zeng Nan	4,103,169	103,169	-1,000,000	3,000,000	Senior executive shares and Stock Incentive	-
Luo Youming	1,600,000	0	-400,000	1,200,000	Stock Incentive	-
Ke Haiqi	1,600,000	0	-400,000	1,200,000	Stock Incentive	-
Wu Guobin	1,600,000	0	-400,000	1,200,000	Stock Incentive	-
Zhang Fan	1,600,000	0	-400,000	1,200,000	Stock Incentive	-
Ding Jiuru	1,500,000	0	-375,000	1,125,000	Stock Incentive	-
Lu Wenhui	600,000	0	-150,000	450,000	Stock Incentive	-
Key staffs	36,640,000	0	-10,240,000	26,400,000	Stock Incentive	-
Total:	248,743,006	27,103,006	-13,365,000	208,275,000	-	-

Note: The former name of Shenzhen International Holdings (SZ) Limited is Yiwuan Industrial Development (Shenzhen) Co., Ltd..

#### 4.2 Particulars about the shares held by the top ten shareholders, and the shares held by the top ten unrestricted shareholders.

Unit: Share

Total shareholders:	89,264 shareholders (including 54,556 shareholders of A-share, 34,708 shareholders of B-share)				
Particulars about the shares held by the top ten shareholders					
Name of shareholder	Nature of shareholders	Proportion in total	Total shares held	Restricted shares held	Shares pledged or frozen
China Ping An Trust & Investment Co., Ltd.	Domestic non-state-owned legal person	6.54%	80,000,000	80,000,000	0
Citics Securities Co., Ltd.	State-funded shareholder	6.54%	80,000,000	80,000,000	0
Xing Tong Chan Industrial Development (Shenzhen) Co., Ltd.	Domestic non-state-owned legal person	4.35%	53,221,181	0	0
Shenzhen International Holdings (SZ) Limited	Domestic non-state-owned legal person	4.13%	50,594,700	0	0
China Northern Industries Corporation	State-funded shareholder	3.61%	44,216,432	0	0
China Construction Bank - Yinhua Core Value Select Stock Fund	Domestic non-state-owned legal person	2.48%	30,373,943	0	0
Industrial and Commercial Bank of China - South Excellent Performance Growth Stock Investment Fund	Domestic non-state-owned legal person	1.58%	19,391,295	0	0
Dreyfus Premier Investment Fds Inc. - Dreyfus Greater China Fd	Foreign-funded shareholder	1.32%	16,135,248	0	0
China Construction Bank – Yinhua - Dow Jones China 88 Select Equity Fund.	Domestic non-state-owned legal person	1.10%	13,515,345	0	0
Caceis Bk Lux S/A Carlson Fund Mgt Co	Foreign-funded shareholder	1.06%	13,000,000	0	0
Particulars about the shares held by the top ten unrestricted shareholders					
Name of shareholder	Unrestricted share held		Type of share		
Xing Tong Chan Industrial Development (Shenzhen) Co., Ltd.	53,221,181		A-share		
Shenzhen International Holdings (SZ) Limited	50,594,700		A-share		
China Northern Industries Corporation	44,216,432		A-share		
China Construction Bank - Yinhua Core Value Select Stock Fund	30,373,943		A-share		
Industrial and Commercial Bank of China - South Excellent Performance Growth Stock Investment Fund	19,391,295		A-share		
Dreyfus Premier Investment Fds Inc.- Dreyfus Greater China Fd	16,135,248		B-share		
China Construction Bank – Yinhua - Dow Jones China 88 Select Equity Fund.	13,515,345		A-share		
Caceis Bk Lux S/A Carlson Fund Mgt Co	13,000,000		B-share		
China Construction Bank – China AMC Advantage Growth Stock Fund	11,049,180		A-share		
National Social Security Fund 101 Combination	9,800,000		A-share		
Statement on associated relationship or consistent action among the above shareholders:	Among shareholders as listed above, Shenzhen International Holdings (SZ) Limited. and Xin Tong Chan Development (Shenzhen) Co., Ltd. are holding enterprises of Shenzhen International Holdings Limited. 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.				

### 4.3 Particulars about controlling shareholders and actual controller of the Company

#### 4.3.1 Particulars about change in controlling shareholders and actual controller of the Company

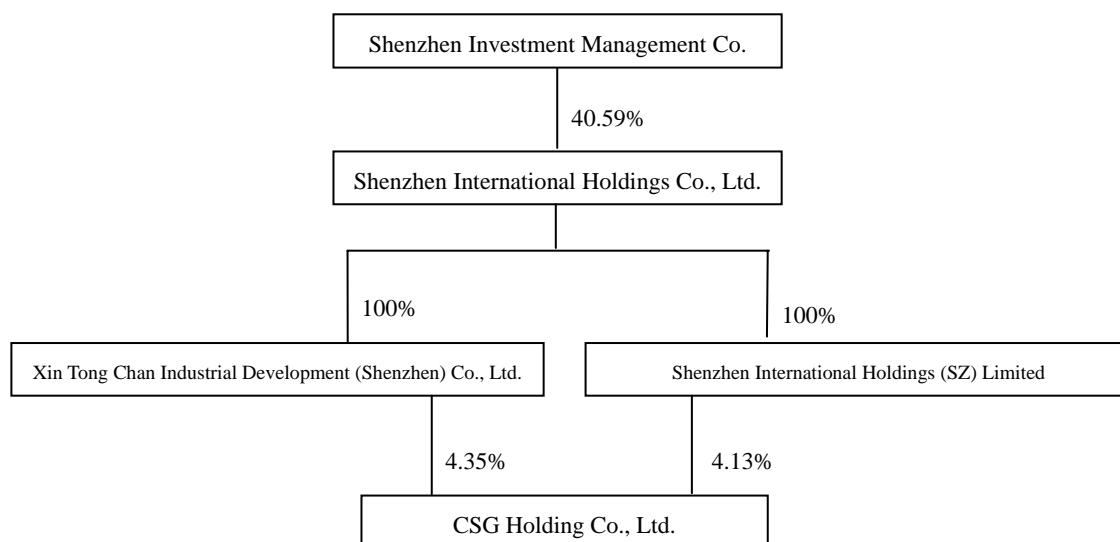
Applicable       Inapplicable

#### 4.3.2 Introduction of controlling shareholder and actual controller

The actual controller of the Company is Shenzhen International Holdings Limited established in Bermuda in November 1989, which listed in main board of Hong Kong Exchanges and Clearing Co., Ltd.. Chairman of the Board is Guo Yuan. The company, and its affiliated companies, associated companies and jointly controlled companies, are mainly engaged in ancillaries service and construction in logistics, as well as investment, operation and management of related assets and projects. Because the development strategy of the company is to centralize resources on developing its main business - logistics industry and other relevant business, the company began to sell Southern Glass-A shares gradually from August 2007. By the end of year 2009, the proportion of the Company's shares held by Shenzhen International Holdings Co., Ltd. decreased to 8.48%.

Shenzhen Investment Management Co., Ltd. is a state-owner enterprise under Shenzhen Municipality, the State-owned Assets Supervision and Administration Commission of Shenzhen Municipality Government performed responsibilities of investors and supervisor. In accordance with the document SGZWei [2004] 223, Shenzhen Investment Management Co., Ltd., Shenzhen Construction Investment Holdings Co., Ltd. and Shenzhen Commerce & Trade Investment Holdings Co., Ltd. were incorporated in Shenzhen Investment Holdings Co., Ltd.. At present, Shenzhen Investment Management Co., Ltd. is being merged and liquidated.

#### 4.3.3 Diagram of ownership structure and controlling relationships between the actual controller of the Company and the Company



## §5. Particulars about Directors, Supervisors, Senior Executives

### 5.1 Particulars about changes in shares and remunerations held by directors, supervisors and senior executives

Name	Title	Gender	Age	Date of term started	Date of term ended	Shares held at the year-begin	Shares held at the year-end	Reason for change	Total remuneration received in 2009 (RMB'0000)	Receiving Remuneration and allowance or not
Zeng Nan	Chairman of the Board/ CEO	Male	65	2008-4-10	2011-4-10	4,137,559	3,137,559	Bought back and wrote off according Incentive Plan	116.14	No
Chen Chao	Independent Director	Male	54	2008-4-10	2011-4-10	0	0		10	No
Wang Tianguang	Independent Director	Male	36	2008-4-10	2011-4-10	0	0		10	No
Xie Rudong	Independent Director	Male	52	2008-4-10	2011-4-10	0	0		10	No
Li Jingqi	Director	Male	53	2008-4-10	2011-4-10	0	0		0	Yes
Yan Ganggang	Director	Male	50	2008-4-10	2011-4-10	0	0		0	No
Guo Yongchun	Director	Male	42	2008-4-10	2011-4-10	0	0		0	Yes
Zhang Liqing	Director	Male	43	2008-4-10	2011-4-10	28,700	28,700		0	Yes
Wu Guobin	Director/ Vice President/ Secretary of the Board	Male	45	2008-4-10	2011-4-10	1,600,000	1,200,000	Bought back and wrote off according Incentive Plan	83.26	No
Yang Hai	Chairman of the Supervisory committee	Male	48	2008-4-10	2011-4-10	0	0		0	No
Zhang Dongjun	Supervisor	Male	37	2008-8-20	2011-4-10	0	0		0	Yes
Liu Yongsheng	Supervisor	Male	35	2008-4-10	2011-4-10	0	0		41	No
Luo Youming	Chief Financial Officer	Male	47	2008-4-10	2011-4-10	1,600,000	1,200,000	Bought back and wrote off according Incentive Plan	82.76	No
Ke Hanqi	Vice President	Male	44	2008-4-10	2011-4-10	1,600,000	1,200,000	Bought back and wrote off according Incentive Plan	85.10	No
Zhang Fan	Vice president	Male	44	2008-4-10	2011-4-10	1,600,000	1,200,000	Bought back and wrote off according Incentive Plan	82.26	No
Ding Jiuru	Vice president	Male	47	2008-4-10	2011-4-10	1,500,000	1,125,000	Bought back and wrote off according Incentive Plan	69.15	No
Lu Wenhui	Vice president	Male	46	2009-10-16	2011-4-10	600,000	450,000	Bought back and wrote off according Incentive Plan	65.24	No
Total	-	-	-	-	-	12,666,259	9,541,259	-	654.91	-

## Incentive share of the directors, supervisors and senior executives granted in the report period

√ Applicable      □ Inapplicable

Name	Title	Amount of stock option held in period-begin	Amount of stock option newly bestowed in report period	Exercise amount of stock option in report period	Exercise price of stock option	Amount of stock option held in period-end	Amount of restricted shares held in period-begin	Amount of restricted shares newly bestowed in report period	Bestowed price of restricted shares	Amount of restricted shares held in period-end
Zeng Nan	Chairman of the Board/ CEO	0	0	0	0	0	4,000,000	-1,000,000	-	3,000,000
Luo Youming	Chief Financial Officer	0	0	0	0	0	1,600,000	-400,000	-	1,200,000
Ke Hanqi	Vice President	0	0	0	0	0	1,600,000	-400,000	-	1,200,000
Wu Guobin	Director/ Vice President/ Secretary of the Board	0	0	0	0	0	1,600,000	-400,000	-	1,200,000
Zhang Fan	Vice president	0	0	0	0	0	1,600,000	-400,000	-	1,200,000
Ding Jiuru	Vice president	0	0	0	0	0	1,500,000	-375,000	-	1,125,000
Lu Wenhui	Vice president	0	0	0	0	0	600,000	-150,000	-	450,000
Total	-	0	0	0	-	0	12,500,000	-3,125,000	-	9,375,000

## 5.2 Particulars about directors' presenting the Board meeting

Name	Title	Times that should be attend	Times of personal presence	Attending the meeting by communication	Times of commission presence	Times of absence	Attending the meeting in person in successive two times or not
Zeng Nan	Chairman of the Board/ CEO	8	4	4	0	0	No
Chen Chao	Independent Director	8	4	4	0	0	No
Wang Tianguang	Independent Director	8	4	4	0	0	No
Xie Rudong	Independent Director	8	4	4	0	0	No
Li Jingqi	Director	8	4	4	0	0	No
Yan Ganggang	Director	8	4	3	1	0	No
Guo Yongchun	Director	8	2	4	2	0	No
Zhang Liqing	Director	8	3	4	1	0	No
Wu Guobin	Director/ Vice President/ Secretary of the Board	8	4	4	0	0	No

## Explanations on not attending the meeting of the Board in person in successive two times

N/A	
Meetings of the Board held during the year (times)	8
Including: On-site meetings (times)	4
Meetings held by communication (times)	4
Meetings held by site and communication (times)	0

## §6. Report of the Board of Directors

### 6.1 Discussion and analysis of the operation

In 2009, because of the RMB 4,000 billion investment, Active Financial Policy and Modest Loosen Monetary as well as boosting industry plan, regional development plan and other policies by the government, there were a series of positive changes of the domestic economy, and the real economy also experienced from hard situation at the year beginning to rapid recovery in the second half year. In order to deal with the complicated economical environment, the Company took all kinds of effective measurements to guard against operational risks actively, as well as conduct industry layout positively surrounding the company development strategy. The Company promoted fine management fully and regarded enhancing comprehensive management roundly as important job in this hard situation. Through jointed effort of the Company, the Company made breakthrough both in sales income and profit in 2009. At end of the report period, the Company had realized revenue of RMB 5,279 million, a raise of 23.53% compared with the same period of last year, and realized net profit of RMB 832 million (deducted minority interest), a raise of 98.04% compared with the same period of last year.

**Flat glass industry department:** The flat glass industry gone through a tough time in the first quart 2009. Then the market turned better gradually due to the recovery of domestic real estate industry. Because the rise of new capacities had been refrained because of the wide loss of the whole industry and over 40 float glass lines being out of production, the relation between supply and demand was improved by a wide margin in 2009. The price of float glass rebounded greatly and made a historical high. Flat glass industry department strengthened internal control management constantly, and perfected the industry layout surrounding energy-conservation glass positively. At the hardest time of industry, two float production lines in Hebei CSG and a thousand tons float production line in Chengdu CSG have been fired and operated, and these lines made a considerable profit in 2009. At the same time, R&D on ultra-white float glass has made a breakthrough and a primary achievement has been taken on research of anti-reflective films for solar ultra-while glass. These differentiated products enhanced core competency of the Company actively.

**Architecture glass industry department:** Architecture glass industry kept steady in 2009. Architecture glass industry department took fully advantages of technology, scale, brand and so on, strengthened the exploring of market, and obtained good results. In order to comply with tendency of energy-saving and environmental protection, architecture glass industry department developed market of civil energy-conservation glass actively, expanded the capacities of civil energy-conservation glass. The Company planned to increase production capacities of total 9 million square meters of wide coating flat glass and 2.4 million square meters of insulating coating glass in energy-conservation glass manufacture base of Donguan, Wujiang and Chengdu in the next 3 years in order to satisfy the demands of civil residential market. With the gradual implementation of expansion plan for energy-conservation glass capacities, the market influence and comprehensive competitive capacity of the energy-conservation glass of the Company will get further effective promotion.

**Fine glass and ceramics industry department:** In 2009, the fine glass industry still faced pressure of price sliding down constantly and weak demands of overseas. In order to deal with the grim market environment, fine glass industry department adjusted and integrated fully. By reducing various costs actively and adjusting products and sales strategies, the utilization rate of capacity has been promoted, and profit capacity has been recovered to a certain level.

**Solar energy industry department:** The polysilicon project in Yichang had been put into commercial operation in October 2009. The production technology index got greater improvement through constant improvement and optimization, and it held a leading position in this industry. Solar battery project re-started mass-production in the second half year. Through constant improvement & enhancement for technology and rebuilding & optimization in production line flow, the yield of the battery piece and A piece rates were significantly increased, battery conversion efficiency also increased above 17.3%. The Company has successfully built complete photovoltaic solar industry chain.

## 6.2 Main operations classified according to industries or products

Unit: RMB'0000

Main operation classified according to products						
Industry	Main operating income	Cost of sales	Gross profit margin	Percentage change in operating income compared to 2008	Percentage change in cost of sales compared to 2008	Percentage change in gross profit compared to 2008 (%)
Float glass	310,471.16	205,458.81	33.82%	35.68%	16.62%	Increase 10.81 percentage points
Architectural glass	190,992.87	126,963.46	33.52%	22.46%	20.45%	Increase 1.1 percentage points

## 6.3 Main operations classified according to locations

Unit: RMB'0000

Location	Main operating income	Percentage change in operating income compared to 2008
Mainland, P.R.C.	453,227.11	30.55%
Hong Kong, P.R.C	30,053.44	-29.77%
United States	616.54	-80.63%
Australia	5,441.31	-26.26%
Other locations	35,955.76	54.56%

## 6.4 Items related to fair value measure

Unit: RMB

Item	Amount at period-begin	Current gains and losses due to change of fair value	Accumulative fair value change calculated to equity	Depreciation withdrawn this period	Amount at period-end
Financial assets	12,930,101		6,184,231		7,528,589
Including: Financial assets available for sales	12,930,101		6,184,231		7,528,589
Total	12,930,101		6,184,231		7,528,589

## 6.5 Usage of raised fund

√ Applicable

□ Inapplicable

Unit: RMB'0000

Total raised fund		137,200		Fund used in 2009		12,036						
Total raised proceeds of changing purpose		0		Fund used in total		137,200						
Proportion of total raised proceeds of changing purpose		0%										
Target project	Changes in project	Fund required	Fund after adjustment	Fund committed to input at the end of report period(1)	Fund used in 2009	Found used accumulative at the end of report period(2)	Balance of found accumulative input and committed input at the end of report period (3)=(2)-(1)	Input progress at the end of report period (4)=(2)/(1)	Date for that the projects reach scheduled usable conditions	Profits in 2009	Reach the planned return, or not	significant changes of projects feasibility
1500T/Year poly-silicon project	No	45,000	45,000	45,000	12,036	45,000	0	100%	2009-10-01	-1,251	Yes	No
Wujian Low-E glass project	No	29,600	29,600	29,600	0	29,600	0	100%	2008-04-01	10,024	Yes	No
Dongguan glass processing base	No	35,000	35,000	35,000	0	35,000	0	100%	2007-12-01	14,174	Yes	No
Tianjing Low-E glass project	No	27,600	27,600	27,600	0	27,600	0	100%	2008-04-01	6,722	Yes	No
Total	-	137,200	137,200	137,200	12,036	137,200	0	-	-	29,669	-	-
Reasons of failure in reaching the schedule and expected return					N/A							
Explanations on significant changes of projects feasibility					N/A							
Changes on implemented place for the projects					N/A							
Adjustment on implemented pattern for the projects					N/A							
Initial input and replacement for the investment projects					Ended 31 August 2007, the Company replaced the total capital of initial inputted for 4 projects with RMB 472.34 million by raised found. The replacement amount was accorded with the self-prepared capital initial invested.							
Make up the current fund temporarily by using unused raised found					N/A							
Amount and reason of the balance of raised found					N/A							
Usage of remaining fund					N/A							
Problems or other situations existed in usage and disclosure of raised found					N/A							

Particulars about the changed projects

 Applicable       Inapplicable**6.6 Investment of non-raising fund** Applicable       Inapplicable

Unit: RMB'0000

Project	Amount	Progress of project	Earning
Hebei CSG float glass project	73,900	The 1 <sup>st</sup> and 2 <sup>nd</sup> product line of the project has been fired separately on October 2008 and March 2009.	In the report period, the project realized profit of RMB 112 million.
Chengdu CSG new float glass production line	45,900	The product line has been fired on July 2009.	In the report period, the profit was accordance with expectations.
Chengdu CSG waste-heat generation project	6,694	The waste-heat generation station with the capacities of 12MW, which was the largest installed capacities of cogeneration in domestic glass industry up to now, was combined to the grid successfully in October 2009.	In the report period, the profit was accordance with expectations.
Wujiang CSG float glass project	84,563	Planning to construct two production lines of high-grade float glass with daily melting capacities of 600 tons and 900 tons respectively in Wujiang Economic Development Zone. The production lines use clean energy - natural gas as the fuel and construct supporting waste-heat generation station. The construction period is 18 months.	In the report period, the project is in preparation.
Technical upgrading project for the Shenzhen 2 <sup>nd</sup> float glass production line	19,767	Planning to readjust the products structure of the 2 <sup>nd</sup> line to produce ultra-white glass and ordinary white glass. And the daily melting capacities will also be promoted to 600T/D or so from the current capacities of 400T/D through equipment updating and restructuring. At the same time, heavy oil combustion systems will be transformed. Semi-dry flue gas desulfurization devices will be used to improve the gas emissions and use flue gas and steam from waste heat boiler for LiBr refrigeration to replace the Company's existing air-conditioning refrigeration for the purpose of saving energy and protecting environment. The whole transformation is planned to be completed in August 2010.	In the report period, the project is in reconstruction.
Chengdu CSG new coated glass production line	24,800	Planning to build a production line and its supporting facilities. When the project is completed, the yearly production capacities of Low-E compound-processed glass is 1.20 million square meters. The project has been basically finished in 2009.	In the report period, the project is in construction period.
Expansion on capacity of Dongguan project	47,579	Planning to increase two coating glass production lines and some support insulating glass capacity. When the project is completed, the capacities of coated insulating glass will increase 1.2 million square meters, and capacities of the wide flat coated glass will increase 3 million square meters. It is estimated that the project will be completed and put into operation respectively in July 2011 and March 2012.	In the report period, the project is in preparation.

Expansion on capacity of Wujiag Project	47,913	Planning to increase two coating glass production lines and some support insulating glass capacity. When the project is completed, the capacities of coated insulating glass will add 1.2 million square meters, and capacities of the wide flat coated glass will add 3 million square meters every year. It is estimated that the project will be completed and put into operation respectively in June and December 2011.	In the report period, the project is in preparation.
Expansion on capacity of Chengdu project	19,835	Planning to build an ultra-wide coated glass production line. When the project is completed, the annual deep-processing capacities of the wide flat coated products will reach 3million square meters. The project is planed to put into operation in August 2011.	In the report period, the project is in preparation.
TCO conductive glass project	8,577	Planning to introduce a TCO glass product line applied in thin film solar cell with annual capacities of 460,000 square meters (3,450 tons per year). The production line has been put into trial operation.	In the report period, the project is in construction period.
Yichang CSG 160 MW silicon piece processing project	69,500	Planning to build solar battery silicon piece processing project with annual capacities of 160 MW. The phase I project with the capacities of 60MW is expected to put into operation in the 3rd quarter 2010.	In the report period, the project is in construction period.
Expansion project of solar cell	15,600	Planning to build a production line with annual output of 75MW. The prophase project with 25MW annual output had been completed in August 2009 and put into commercial operation in January 2010. The project with 50MW was in construction, and is expected to put into operation in the 3 <sup>rd</sup> quarter 2010.	-
Total	464,628	-	-

## 6.7 Explanation from the Board of Directors on the change of accounting policy and accounting estimation or modification of material accounting errors

Applicable       Inapplicable

In the report period, the Company had no accounting estimation changes or changes of significant accounting errors.

According to the regulations about modification of enterprise reporting segment information and cost method in No.3 Explanation for Enterprise Accounting Standards issued by Ministry of Finance, the 13<sup>th</sup> meeting of the 5<sup>th</sup> Board made corresponding changes to accounting policies as regulations.

The change of accounting policy has no effect on the items name or amount of financial statement of the Company.

## 6.8 Explanation from the Board of Directors on the non-standard audit report presented by the certified public accountants

Applicable       Inapplicable

**6.9 The proposal of profit distribution or share conversion from capital public by the Board**

Applicable       Inapplicable

According to the financial report audited by PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd., the net profit of the parent company was RMB 460,142,440 in 2009. The Company took 10% of the net profit as stationary surplus reserve which was RMB 46,014,244. The Board of Directors proposed to distribute the profit based on the amount 1,222,170,624 shares (the total capital share at the end of the year 2009 deduct the share will be buy-back), taking into accounts of the profits available for dividend of the Company as at 31 December 2009 and the dividend income committed by the subsidiaries of the Company amounting to RMB 1,085,811,999, to distribute every shareholder RMB 3.50 (including tax) for each 10 shares held. In addition, the conversion of share capital from capital public reserve were taken, in which 7 share were converted for every 10 shares and totally 855,519,437 shares of public reserve were converted, and the balance of public reserve reaches RMB 1,272,094,430 after the conversion.

The above profit distribution preplan must be submitted to the 2009 Shareholders' General Meeting of the Company for consideration.

**Cash dividends in the past three years:**

	Cash dividends amount (including tax)	Net profit attributed to equity holders of the Company	proportion	Distributable profit during the year
2008	122,373,812	420,079,848	29.13%	863,352,524
2007	178,194,469	431,484,803	41.30%	653,330,647
2006	456,958,406	335,110,814	136.36%	708,873,702
The proportion of accumulative cash bonus during recent three years in latest annual average net profit (%)				191.51%

The Company made profit in the report period, but had not yet proposed any dividend distribution plan for the year.

Applicable       Inapplicable

**§7. Significant Events****7.1 Purchase of assets**

Applicable       Inapplicable

**7.2 Sales of assets**

Applicable       Inapplicable

**7.3 Significant guarantees**

Applicable       Inapplicable

Unit: RMB'0000

Guarantees of the Company for external parties (excluding its subsidiaries)	
Total amount of guarantee in the report period	0
Balance of guarantee at the end of the report period (A)	0
Guarantee of the Company for its controlling subsidiaries	
Total amount of guarantee to controlling subsidiaries in the report period	101,713
Balance of guarantee to controlling subsidiaries at the end of the report period (B)	67,577
Particulars about the guarantee of the Company(Including the guarantee for the controlling subsidiaries)	
Total amount of guarantee (A+B)	67,577
Proportion of the total guarantee in net assets of the Company	12.71%
Including:	
Total amount of the guarantee for shareholders, actual controller and correlated parties (C)	0
The debts guarantee amount provided for the guarantee of which the assets-liability ratio exceeded 70% (D)	5,823
Total amount of guarantee in net assets of the Company exceeded 50% (E)	0
Total amount of guarantee aforesaid (C+D+E)	5,823
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees	The Company should bear joint and several liquidating responsibilities within the guarantee scope, if the subsidiaries did not implement repayment responsibilities as agreement.

## 7.4 Significant related party transaction

### 7.4.1 Related party transactions regarding normal operation

Applicable       Inapplicable

### 7.4.2 Related credits and debts transaction

Applicable       Inapplicable

### 7.4.3 Capital adoption and clearance in year 2009

Applicable       Inapplicable

## 7.5 Entrusted finance management

Applicable       Inapplicable

## 7.6 Commitment and implementation

Applicable       Inapplicable

Commitments made by the Company or the shareholders with holding above 5% shares in the report period or lasting until the report period.

√ Applicable

□ Inapplicable

Item of Commitments	Promisee	Content of commitments	Implementation
Commitments for Share Merger Reform	the original non-tradable shareholder Shenzhen International Holdings (SZ) Limited and Xing Tong Chan Industrial Development (Shenzhen) Co., Ltd.	The Company has implemented share merger reform in May 2006. Till June 2008, 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 (with former name of Yiwan Industrial Development (Shenzhen) Co., Ltd. ) and Xing 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 planned to sell A-shares of CSG amounted above 5% of the CSG group's total shares within six months from 16 June 2009, the day releasing restricted condition of the stock. The price for sale is no less than 8 RMB per share. At the same time, 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.	By the end of the report period, the original non-tradable shareholders of the Company have strictly carried out their promises.
Commitments for share restricted trade	-	-	-
Commitments made in Acquisition Report or Reports on Change in Interests	-	-	-
Commitments made in Material Assets Reorganization	-	-	-
Commitments made in issuing	China Pingan Trust & Investment Co., Ltd and Citic Securities Co., Ltd. holding over 5% shares of the Company	The shares subscribed by private issue in 2007 are forbidden to transfer in 36 months since the last day of private issue.	By the end of the report period, they have strictly carried out their promises.
Other commitments (including additional commitments)	-	-	-

**7.7 Significant lawsuit and arbitrations**

Applicable       Inapplicable

**7.8 Other significant events and analysis on their influences and solutions****7.8.1 Particulars about securities investment**

Applicable       Inapplicable

**7.8.2 Equity of other listed companies held**

Applicable       Inapplicable

Unit: RMB

Stock Code	Stock Abbr.	Initial Investment	Proportion of equity held	Book value at the period end	Gains / losses in 2009	Changes in Owners' Equity	Item in accounting	Share type
000504	CCID Media	5,707,566	0.30%	7,528,589	0	4,736,469	Available-for-sale financial assets	Legal person share
Total		5,707,566	-	7,528,589	0	4,736,469	-	-

**7.8.3 Equity of non-listed financial enterprises held**

Applicable       Inapplicable

**7.8.4 Particulars about the trading of shares of other listed company**

Applicable       Inapplicable

**7.8.5 Other comprehensive income**

Item	2009	2008
Gain from available for sale financial assets	10,071,081	-22,750,394
Less: effect of income tax resulted from available for sale financial assets	-	4,643,214
Transferred from previously recognized as other comprehensive income	-12,746,039	-7,138,740
Subtotal	-2,674,958	-25,245,920
Difference on translation of foreign currency financial statements	3,399,070	-5,961,822
Government grant recorded directly in capital surplus according to relevant regulation	1,950,000	-
Total	2,674,112	-31,207,742

## §8. Report of the Supervisory Committee

Applicable                       Inapplicable

## §9. Financial Report

### 9.1 Auditor's opinions

Audited or not	Yes
Auditor's opinions	Standard unqualified auditor's opinions
No. of report of auditors	PwC ZT Shen Zi (2010) No. 10030
Title of report of auditors	Report of the Auditors
Receiver of report of auditors	Shareholders of CSG Holding Co., Ltd.
Introduction paragraph	We have audited the accompanying financial statements of CSG Holding Co., Ltd. ("CSG Company") which is comprised of the consolidated and company balance sheets as at 31 December 2009, and the consolidated and company income statements, the consolidated and company cash flow statements and the consolidated and company statements of changes in equity for the year then ended and notes to these financial statements
Management's Responsibility for the Financial Statements	The management of CSG Company is responsible for the preparation of these financial statements in accordance with the Accounting Standards for Business Enterprises. This responsibility includes: (1) designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; (2) selecting and applying appropriate accounting policies; and (3) making accounting estimates that are reasonable in the circumstances
Auditor's Responsibility	<p>Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the China Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.</p> <p>An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.</p>

Auditor's opinions	In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of CSG Company as of 31 December 2009, and of their financial performance and their cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises
Non-standard opinions	-
Name of audit institution	PricewaterhouseCoopers Zhong Tian CPAs Limited Company
Address of audit institution	11/F, PricewaterhouseCoopers Center, No.202 Hubin Rd. Shanghai, P.R.C.
Date of auditor's report	26 March 2010
Name of the Certified Public Accountants	
Yao Wenping, Kong Yu	

## 9.2 Financial statement

### 9.2.1 Balance Sheets

Prepared by: CSG Holding Co., Ltd.

Unit: RMB

Item	31 December 2009		31 December 2008	
	Consolidated	Company	Consolidated	Company
<b>Current assets</b>				
Cash at bank and on hand	653,555,310	370,558,509	1,033,779,912	783,242,506
Notes receivable	247,083,387	-	116,042,491	-
Accounts receivable	287,912,855	-	236,576,669	-
Advances to suppliers	101,019,512	300,000	52,940,729	3,257,858
Dividends receivable	-	-	-	120,450,718
Other receivables	15,377,152	2,074,373,917	34,964,981	777,038,513
Inventories	371,296,246	-	325,701,374	-
Other current assets	17,500,000	-	-	-
<b>Total current assets</b>	<b>1,693,744,462</b>	<b>2,445,232,426</b>	<b>1,800,006,156</b>	<b>1,683,989,595</b>
<b>Non-current assets</b>				
Available-for-sale financial assets	7,528,589	7,528,589	12,930,101	12,930,101
Long-term receivables	-	571,250,420	-	1,143,041,204
Long-term equity investments	27,200,000	3,037,789,922	27,200,000	2,791,009,616
Fixed assets	8,054,820,901	18,831,791	5,543,400,908	19,265,605
Construction in progress	631,983,774	-	2,620,093,574	-
Intangible assets	392,040,050	5,766,855	307,948,344	1,841,813
Goodwill	18,404,380	-	3,039,946	-
Long-term prepaid expense	162,487	-	-	-
Deferred tax assets	87,465,374	-	61,442,037	-
<b>Total non-current assets</b>	<b>9,219,605,555</b>	<b>3,641,167,577</b>	<b>8,576,054,910</b>	<b>3,968,088,339</b>
<b>TOTAL ASSETS</b>	<b>10,913,350,017</b>	<b>6,086,400,003</b>	<b>10,376,061,066</b>	<b>5,652,077,934</b>
<b>Current liabilities</b>				
Short-term borrowings	2,481,152,687	1,714,462,400	2,797,063,550	1,603,580,700

Notes payable	298,120,810	-	289,673,653	-
Accounts payable	988,710,853	-	743,432,885	-
Advances from customers	152,085,476	-	94,964,995	-
Employee benefits payable	118,810,114	49,393,197	40,005,228	2,710,000
Taxes payable	72,035,028	1,226,076	56,000,228	78,062
Interest payable	14,880,351	1,849,500	20,962,915	4,754,642
Dividends payable	687,627	687,627	3,212,152	3,212,152
Other payables	117,866,771	112,637,801	228,839,483	230,117,203
Current portion of non-current liabilities	63,694,062	-	83,968,751	-
Other liabilities	6,310,532	-	10,914,222	-
<b>Total current liabilities</b>	<b>4,314,354,311</b>	<b>1,880,256,601</b>	<b>4,369,038,062</b>	<b>1,844,452,759</b>
<b>Non-current liabilities</b>				
Long-term borrowings	908,309,884	-	1,142,128,258	-
Special payables	1,275,002	-	2,100,000	-
Deferred tax liabilities	10,333,313	-	4,777,606	-
Other non-current liabilities	68,004,475	-	45,000,000	-
<b>Total non-current liabilities</b>	<b>987,922,674</b>	<b>-</b>	<b>1,194,005,864</b>	<b>-</b>
<b>Total liabilities</b>	<b>5,302,276,985</b>	<b>1,880,256,601</b>	<b>5,563,043,926</b>	<b>1,844,452,759</b>
<b>Owners' equity</b>				
Paid-in capital	1,223,738,124	1,223,738,124	1,237,103,124	1,237,103,124
Capital surplus	2,127,613,867	2,170,406,108	2,067,761,896	2,107,751,509
Less: Treasury shares	(1,492,500)	(1,492,500)	(12,952,500)	(12,952,500)
Surplus reserve	437,054,602	437,054,602	391,040,358	391,040,358
Undistributed profits	1,526,908,861	376,437,068	863,352,524	84,682,684
Difference on translation of foreign currency financial statements	1,700,207	-	(1,698,863)	-
<b>Total equity attributable to equity holders of the Company</b>	<b>5,315,523,161</b>	<b>4,206,143,402</b>	<b>4,544,606,539</b>	<b>3,807,625,175</b>
<b>Minority interests</b>	<b>295,549,871</b>	<b>-</b>	<b>268,410,601</b>	<b>-</b>
<b>Total owners' equity</b>	<b>5,611,073,032</b>	<b>4,206,143,402</b>	<b>4,813,017,140</b>	<b>3,807,625,175</b>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>	<b>10,913,350,017</b>	<b>6,086,400,003</b>	<b>10,376,061,066</b>	<b>5,652,077,934</b>

## 9.2.2 Income Statement

Prepared by: CSG Holding Co., Ltd.

Unit: RMB

Items	2009		2008	
	Consolidated	Company	Consolidated	Company
<b>Revenue</b>	5,279,100,133	78,000	4,273,375,853	72,000
Less: Cost of sales	(3,435,574,687)	(4,025)	(2,994,468,398)	(3,715)
Taxes and surcharges	(5,131,434)	-	(5,153,477)	-
Selling and distribution expenses	(242,211,660)	-	(220,181,238)	-
General and administrative expenses	(419,964,357)	(62,387,778)	(332,446,210)	(36,302,256)
Financial (expenses)/income - net	(105,546,371)	24,782,925	(77,935,725)	(6,271,048)
Asset impairment losses	(16,961,266)	-	(221,242,151)	-
Add: Investment income	19,080,703	497,374,680	43,557,475	358,971,673
<b>Operating profit</b>	1,072,791,061	459,843,802	465,506,129	316,466,654
Add: Non-operating income	31,914,360	3,502,600	45,438,958	2,189,914
Less: Non-operating expenses	(115,640,640)	(3,203,962)	(8,909,629)	(21,548)
Including: Loss on disposal of non-current assets	(110,503,681)	(3,962)	(4,569,211)	-
<b>Total profit</b>	989,064,781	460,142,440	502,035,458	318,635,020
Less: Income tax expenses	(74,455,290)	-	(1,803,646)	-
<b>Net profit</b>	914,609,491	460,142,440	500,231,812	318,635,020
Attributable to equity holders of the Company	831,944,393		420,079,848	
Minority interests	82,665,098		80,151,964	
<b>Earnings per share</b>				
- Basic	0.68		0.35	
- Diluted	0.68		0.35	
<b>Other comprehensive income</b>	2,674,112	(2,674,958)	(31,207,742)	(25,245,920)
<b>Total comprehensive income</b>	917,283,603	457,467,482	469,024,070	293,389,100
Total comprehensive income attributable to equity holders of the Company	834,131,005		388,872,106	
Total comprehensive income attributable to minority interests	83,152,598		80,151,964	

### 9.2.3 Cash Flow Statement

Prepared by: CSG Holding Co., Ltd.

Unit: RMB

Items	2009		2008	
	Consolidated	Company	Consolidated	Company
<b>1. Cash flows from operating activities</b>				
Cash received from sales of goods or rendering of services	5,150,732,551	-	4,266,066,586	-
Refund of taxes and surcharges	28,466,554	-	8,219,774	-
Cash received relating to other operating activities	58,964,520	1,438,766	50,130,113	25,736,624
<b>Sub-total of cash inflows</b>	<b>5,238,163,625</b>	<b>1,438,766</b>	<b>4,324,416,473</b>	<b>25,736,624</b>
Cash paid for goods and services	(2,425,658,523)	-	(2,341,395,174)	-
Cash paid to and on behalf of employees	(446,511,592)	(26,762,253)	(362,800,904)	(43,968,724)
Payments of taxes and surcharges	(503,920,871)	(332,512)	(383,473,231)	(594,503)
Cash paid relating to other operating activities	(191,835,213)	(10,017,635)	(206,535,390)	(26,065,785)
<b>Sub-total of cash outflows</b>	<b>(3,567,926,199)</b>	<b>(37,112,400)</b>	<b>(3,294,204,699)</b>	<b>(70,629,012)</b>
<b>Net cash flows from operating activities</b>	<b>1,670,237,426</b>	<b>(35,673,634)</b>	<b>1,030,211,774</b>	<b>(44,892,388)</b>
<b>2. Cash flows from investing activities</b>				
Cash received from disposal of investments	20,264,856	20,268,227	223,614,373	309,389,960
Cash received from returns on investments	1,542,401	593,484,083	-	230,625,796
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	3,970,539	-	3,188,862	-
Cash received relating to other investing activities	172,386,455	28,657,266	15,186,863	8,290,000
<b>Sub-total of cash inflows</b>	<b>198,164,251</b>	<b>642,409,576</b>	<b>241,990,098</b>	<b>548,305,756</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(1,166,592,457)	(3,710,210)	(2,683,565,467)	(3,994,739)
Cash paid to acquire investments	(17,500,000)	(197,220,000)	(108,142,086)	(528,929,039)
Cash paid to acquire subsidiary	(19,845,564)	-	-	-
Cash paid relating to other investing activities	-	(659,463,428)	(13,468,622)	-
<b>Sub-total of cash outflows</b>	<b>(1,203,938,021)</b>	<b>(860,393,638)</b>	<b>(2,805,176,175)</b>	<b>(532,923,778)</b>
<b>Net cash flows from investing activities</b>	<b>(1,005,773,770)</b>	<b>(217,984,062)</b>	<b>(2,563,186,077)</b>	<b>15,381,978</b>
<b>3. Cash flows from financing activities</b>				
Cash received from capital contributions	2,500,000	-	440,181,200	421,621,200
Including: Cash received from capital contributions by minority shareholder of a subsidiary	2,500,000	-	18,560,000	-
Cash received from borrowings	4,488,988,675	2,362,513,800	7,121,357,010	2,948,702,440
Cash received from other financing activities	615,100,000	615,100,000	-	-
<b>Sub-total of cash inflows</b>	<b>5,106,588,675</b>	<b>2,977,613,800</b>	<b>7,561,538,210</b>	<b>3,370,323,640</b>
Cash repayments of borrowings	(5,059,443,579)	(2,251,504,000)	(5,858,778,591)	(2,400,243,480)
Cash payments for interest expenses and distribution of dividends or profits	(358,658,811)	(155,379,771)	(407,900,162)	(213,089,632)
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries	(64,416,978)	-	(54,088,128)	-
Cash payments relating to other financing activities	(114,671,700)	(114,671,700)	(615,100,000)	(1,166,268,910)
<b>Sub-total of cash outflows</b>	<b>(5,532,774,090)</b>	<b>(2,521,555,471)</b>	<b>(6,881,778,753)</b>	<b>(3,779,602,022)</b>
<b>Net cash flows from financing activities</b>	<b>(426,185,415)</b>	<b>456,058,329</b>	<b>679,759,457</b>	<b>(409,278,382)</b>
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>2,416,291</b>	<b>15,370</b>	<b>(11,468,076)</b>	<b>(145,662)</b>
<b>5. Net increase/(decrease) in cash and cash equivalents</b>	<b>240,694,532</b>	<b>202,416,003</b>	<b>(864,682,922)</b>	<b>(438,934,454)</b>
Add: Cash and cash equivalents at beginning of year	394,923,631	168,142,506	1,259,606,553	607,076,960
<b>6. Cash and cash equivalents at end of year</b>	<b>635,618,163</b>	<b>370,558,509</b>	<b>394,923,631</b>	<b>168,142,506</b>

9.2.4 Statement of Changes In Owner's Equity

Prepared by: CSG Holding Co., Ltd.

Unit: RMB

Items	Attributable to equity holders of the Company								
	Paid-in capital	Capital surplus	Less: Treasury shares	Surplus reserves	Undistributed profits	Difference on translation of foreign currency financial statements	Sub-total	Minority interests	Total owners' equity
<b>Balanced at 1 January 2008</b>	1,187,963,124	1,802,280,532	-	359,176,856	653,330,647	4,262,959	4,007,014,118	278,599,753	4,285,613,871
<b>Movement for the year ended 31 December 2008</b>									
Net profit	-	-	-	-	420,079,848	-	420,079,848	80,151,964	500,231,812
Other comprehensive income	-	(25,245,920)	-	-	-	(5,961,822)	(31,207,742)	-	(31,207,742)
Capital contribution and withdrawal by owners	49,140,000	318,668,911	(12,952,500)	-	-	-	354,856,411	20,881,083	375,737,494
- Capital contribution by owners	-	-	-	-	-	-	-	18,560,000	18,560,000
- Share-based payments recognized in owner's equity	49,140,000	318,668,911	(12,952,500)	-	-	-	354,856,411	2,321,083	357,177,494
Acquisition of minority interests	-	(27,941,627)	-	-	-	-	(27,941,627)	(57,134,071)	(85,075,698)
Profit distribution	-	-	-	31,863,502	(210,057,971)	-	(178,194,469)	(54,088,128)	(232,282,597)
- Appropriation to surplus reserves	-	-	-	31,863,502	(31,863,502)	-	-	-	-
- Profit distribution to equity owners	-	-	-	-	(178,194,469)	-	(178,194,469)	(54,088,128)	(232,282,597)
<b>Balanced at 31 December 2008</b>	1,237,103,124	2,067,761,896	(12,952,500)	391,040,358	863,352,524	(1,698,863)	4,544,606,539	268,410,601	4,813,017,140

Statement of Changes In Owner's Equity (continued)

Prepared by: CSG Holding Co., Ltd.

Unit: RMB

Items	Attributable to equity holders of the Company							Minority interests	Total owners' equity
	Paid-in capital	Capital surplus	Less: Treasury shares	Surplus reserves	Undistributed profits	Difference on translation of foreign currency financial statements	Sub-total		
<b>Balanced at 1 January 2009</b>	1,237,103,124	2,067,761,896	(12,952,500)	391,040,358	863,352,524	(1,698,863)	4,544,606,539	268,410,601	4,813,017,140
<b>Movement for the year ended 31 December 2009</b>									
Net profit	-	-	-	-	831,944,393	-	831,944,393	82,665,098	914,609,491
Other comprehensive income	-	(1,212,458)	-	-	-	3,399,070	2,186,612	487,500	2,674,112
Capital contribution and withdrawal by owners	(13,365,000)	61,819,050	11,460,000	-	-	-	59,914,050	6,010,507	65,924,557
- Capital contribution by owners	-	-	-	-	-	-	-	2,500,000	2,500,000
- Share-based payments recognized in owner's equity	(13,365,000)	61,819,050	11,460,000	-	-	-	59,914,050	3,510,507	63,424,557
Business combinations	-	-	-	-	-	-	-	1,638,522	1,638,522
Acquisition of minority interests	-	(754,621)	-	-	-	-	(754,621)	754,621	-
Profit distribution	-	-	-	46,014,244	(168,388,056)	-	(122,373,812)	(64,416,978)	(186,790,790)
- Appropriation to surplus reserves	-	-	-	46,014,244	(46,014,244)	-	-	-	-
- Profit distribution to equity owners	-	-	-	-	(122,373,812)	-	(122,373,812)	(64,416,978)	(186,790,790)
<b>Balanced at 31 December 2009</b>	1,223,738,124	2,127,613,867	(1,492,500)	437,054,602	1,526,908,861	1,700,207	5,315,523,161	295,549,871	5,611,073,032

### 9.2.4 Statement of Changes In Owner's Equity

Prepared by: CSG Holding Co., Ltd.

Unit: RMB

Items	Paid-in capital	Capital surplus	Less: Treasury shares	Surplus reserves	Undistributed profits	Total owners' equity
<b>Balance at 1 January 2008</b>	1,187,963,124	1,812,007,435	-	359,176,856	(23,894,365)	3,335,253,050
<b>Movement for the year ended 31 December 2008</b>						
Net profit	-	-	-	-	318,635,020	318,635,020
Other comprehensive income	-	(25,245,920)	-	-	-	(25,245,920)
Capital contribution and withdrawal by owners						
-Share-based payments recognized in owner's equity	49,140,000	320,989,994	(12,952,500)	-	-	357,177,494
Profit distribution	-	-	-	31,863,502	(210,057,971)	(178,194,469)
- Appropriation to surplus reserves	-	-	-	31,863,502	(31,863,502)	-
- Profit distribution to equity owners	-	-	-	-	(178,194,469)	(178,194,469)
<b>Balance at 31 December 2008</b>	1,237,103,124	2,107,751,509	(12,952,500)	391,040,358	84,682,684	3,807,625,175
<b>Balance at 1 January 2009</b>	1,237,103,124	2,107,751,509	(12,952,500)	391,040,358	84,682,684	3,807,625,175
<b>Movement for the year ended 31 December 2009</b>						
Net profit	-	-	-	-	460,142,440	460,142,440
Other comprehensive income	-	(2,674,958)	-	-	-	(2,674,958)
Capital contribution and withdrawal by owners						
-Share-based payments recognized in owner's equity	(13,365,000)	65,329,557	11,460,000	-	-	63,424,557
Profit distribution	-	-	-	46,014,244	(168,388,056)	(122,373,812)
- Appropriation to surplus reserves	-	-	-	46,014,244	(46,014,244)	-
- Profit distribution to equity owners	-	-	-	-	(122,373,812)	(122,373,812)
<b>Balance at 31 December 2009</b>	1,223,738,124	2,170,406,108	(1,492,500)	437,054,602	376,437,068	4,206,143,402

### 9.3 Explanation on changes in accounting policy, estimates and methods compared with the previous annual report

Applicable       Inapplicable

(1) Segment reporting

According to the regulation about the segment reporting of "Application Guidance to the Accounting Standards No 3" issued by the Ministry of Finance on 11 June 2009, from 1 January 2009 the Group do not disclose segment information in both business segment and geographical segment. The Group will determine the operating segment according to the internal organization structure, management requirement, internal reporting policy, and disclose the segment information based on the operating segment. The operating segments determined according to the new accounting policy are same as the prior business segments, the above change of accounting policy did not have material impact on the Group's financial statements presentation.

(2) The recognition of Investment income using cost method

According to the guidance for accounting for investment using cost method in “Application Guidance No 3 to the Accounting Standards” issued by the Ministry of Finance, from 1 January 2009 on all the cash dividend or profit should be recognized as investment return and the company will not distinguish pre-investment and post-investment. According to the transitional provisions of “Application guidance to the Accounting standards 3<sup>rd</sup>”, the change of accounting policy is applied prospectively.

The change of accounting policy has no effect on the items name or amount of financial statement of the Company. Compared with latest annual report, the accounting estimation and calculation method had no changes.

#### **9.4 Contents, amount corrected, reason and its influence of significant accounting errors**

Applicable                       Inapplicable

#### **9.5 Explanation on the changes of consolidated scope compared with the previous annual report**

Applicable                       Inapplicable

(1) In the report period, Dongguan CSG Solar Energy Glass Co, Ltd.-- the subsidiary of the Company purchased 75% equities of Heyuan Yuanchang Mining Co., Ltd. (with its new name of Heyuan SG Mining Development Co., Ltd.) owned by Heyuan Yuanchang Construction Engineering Co., Ltd. The company was not brought into the consolidation scope since March 2009.

(2) Subsidiary of the Company Sichuan Luxian SG Silicon Co., Ltd. accomplished its liquidations and was written off in the report year and was not brought into the consolidation scope since December 2009.

**Board of Directors of  
CSG Holding Co., Ltd.  
March 26 2010**