

CSG HOLDING CO., LTD.

2012 Annual Report Summary



Chairman of the Board:

ZENG NAN

March 2013

2012 Annual Report Summary

1. Important Notice

The 2012 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. The English translation is reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

Company Profile

Short form of stock	Southern Glass A, Southern Glass B	Stock code	000012/200012
Listed stock exchange	Shenzhen Stock Exchange		
Contact person	Secretary of the Board	Securities Affairs Representative	
Name	Zhou Hong	Liang Qiting	
Contact address	CSG Building, No.1, the 6 th Industrial Road, Shekou, Shenzhen, P.R.C.	CSG Building, No.1, the 6 th Industrial Road, Shekou, Shenzhen, P.R.C.	
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2. Major Accounting Data and Change of Shareholders

(1) Major Accounting Data

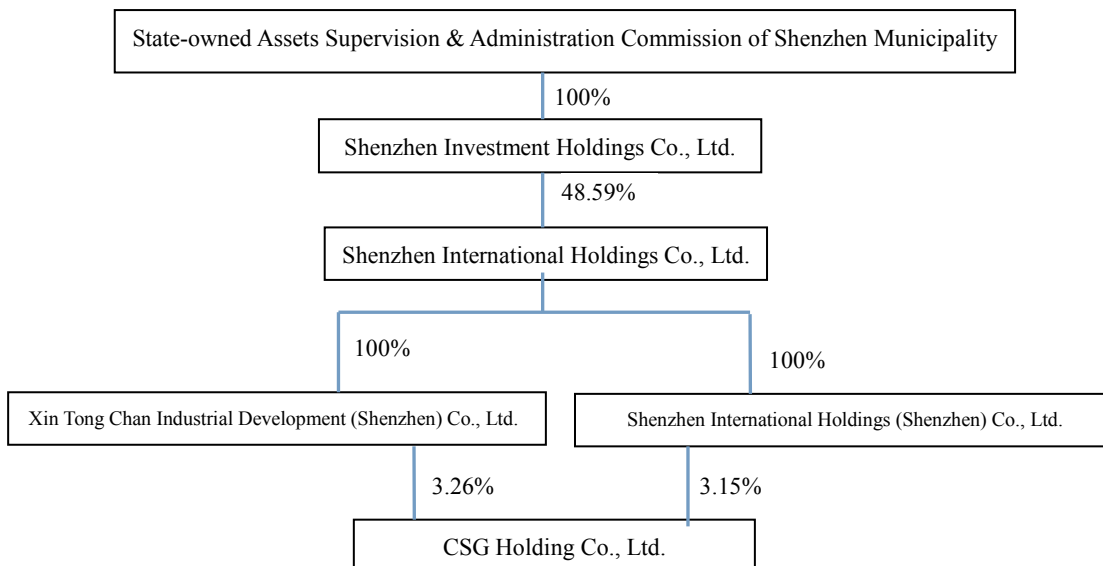
Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

☐ Yes ☒ No

	2012	2011	Changes over last year (%)	2010
Operating income (RMB)	6,994,358,029	8,270,731,730	-15.43%	7,743,941,694
Net profit attributable to shareholders of the listed company(RMB)	274,746,219	1,178,229,197	-76.68%	1,455,209,218
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	116,098,805	1,067,580,683	-89.13%	1,386,137,343
Net cash flow arising from operating activities(RMB)	1,725,795,529	1,688,530,164	2.21%	2,366,313,914
Basic earnings per share (RMB/Share)	0.13	0.57	-77.19%	0.70
Diluted earnings per share (RMB/Share)	0.13	0.57	-77.19%	0.70
Return on Equity (%)	4.04%	17.94%	-13.9%	25.04%
	End of 2012	End of 2011	Changes over end of last year (%)	End of 2010
Total assets (RMB)	14,335,809,746	15,281,391,077	-6.19%	12,469,619,167
Net assets attributable to shareholder of listed company (Owners' equity attributable to shareholder of listed company) (RMB)	6,816,210,753	6,911,117,984	-1.37%	6,384,871,209

(2) Tables of the shares held by the top ten shareholders

Total shareholders in reporting period	235,100	Total shareholders ended at the day of five trading days before annual report disclosed			231,498	
Particulars about shares held above 5% by shareholders						
Full name of Shareholders	Nature of shareholder	Proportion of shares held (%)	Total shares held at the end of report period	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	3.26%	67,740,000	0		
Shenzhen International Holdings (Shenzhen) Co., Ltd.	Domestic non state-owned legal person	3.15%	65,430,000	0		
BOC-DaCheng Wealth Management 2020 Life Cycle Security Investment Fund	Domestic non state-owned legal person	1.23%	25,463,482	0		
BOC-E-fund Shenzhen Index 100 ETF	Domestic non state-owned legal person	0.89%	18,419,022	0		
PICC-dividend-individual issuance	Domestic non state-owned legal person	0.86%	17,944,560	0		
BOC-DaCheng Blue-chip Stable Security Investment Fund	Domestic non state-owned legal person	0.78%	16,123,989	0		
DaCheng Value Growth Security Investment Fund	Domestic non state-owned legal person	0.65%	13,520,192	0		
ICBC—Rongtong Shenzhen Index 100 Security Investment Fund	Domestic non state-owned legal person	0.63%	12,970,987	0		
CMBC-Yinhua 100 Grading Security Investment Fund	Domestic non state-owned legal person	0.6%	12,370,749	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.; BOC—DaCheng Wealth Management 2020 Life Cycle Security Investment Fund, BOC—DaCheng Blue-chip Stable Security Investment Fund and DaCheng Value Growth Security Investment Fund shares the same fund manager of Dacheng Fund Management 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.					

(3) Diagram of ownership structure and controlling relationships between the largest shareholders of the Company and the Company

3、Discussion and analysis of the operation

In the year of 2012, the global economies still move forward with difficulties. First of all, developed economies sank into depression or regression with the growth rate slowing down and unemployment rate keeping high. The shrinking rate of economy in emerging markets and developing countries were more remarkable for they highly relayed on developed world as well as their small scale of market. Faced with the vicious cycle of shrinking internal and external demand, China's economy turned down with greater pressure than expected in this economic callback. Under pressure from overcapacity and slowdown in demand, the profitability of companies, especially the real economy companies, fell sharply. Influenced by European debt crisis and real estate regulation and control, domestic photovoltaic industry and flat glass industry were all in trouble. And the photovoltaic industry, in particular, was in heavy losses with many businesses hard to continue. Confronting the ups and downs of economic environment, the Company took full use of self-advantage, continued to optimized mechanism of R&D innovation, enlarged investment in R&D, positively coped the negative influences of marketing environment with technology innovation, management innovation, further deepened the differentiation management tactic, consolidated foundation of refinement management and management infrastructure under the leadership of the board of directors and with joint efforts of management team and all staff. In 2012, CSG totally spent RMB162.83 million on R&D, submitting 105 applications for patents, including 55 applications for invention patents. Affected by photovoltaic and flat glass industry environment, in 2012 CSG implemented operating income of RMB6.994billion, 15.43 % year-on-year decline; Net profit of RMB 0.275 billion (already deduct minority shareholders profit and loss), 76.68 % year-on-year decline.

(1) The changes and reasons for major financial index of the Company in 2012

Unit: RMB

Items	2012	2011	Range of Change	Reasons and Analysis
Revenue	6,994,358,029	8,270,731,730	-15.43%	Reduction in operating income mainly caused by economic situation, selling price of part of products year-on-year declined
Operating cost	5,355,802,923	5,664,562,540	-5.45%	Operating cost decreased mainly due to the implementation of cost reduction which reduced unit production costs.
Selling and distribution expenses	234,821,552	255,325,290	-8.03%	--
General and administrative expenses	526,909,538	612,195,034	-13.93%	Administration expenses decline was mainly because of the reduced management performance bonus in Administration.
Including: R&D expenditure	148,329,637	139,708,638	6.17%	--
Financial expenses -	248,920,054	144,307,617	72.49%	Financial expenses increased mainly because CSG subsidiaries' projects once under construction were registered as fixed assets thus increased the interest payments recorded into the profits and losses in report period, and the average monthly loan this year was higher than that a year earlier; At the same time, the exchange net income from annual foreign exchange fluctuations was less than that a year earlier.
Net cash flow from operating activities	1,725,795,529	1,688,530,164	2.21%	--
Net cash flows from investing activities	-1,173,000,884	-2,430,826,204	-51.74%	The decline of net cash flow arising from investment activities was mainly as a result of the sharp drop of expense on fixed assets this year.

Net cash flows from financing activities	-739,722,236	720,511,873	-202.67%	The decline of net cash flow arising from financing activities was in consequence of the reduction of cash received relating to other financing activities this year and the increased bank loan repay this year compared with that last year.
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(2) Composition of main business of the Company in 2012

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 (%)
Flat and engineering glass	5,237,121,478	3,935,864,944	24.85%	-8.89%	-3.93%	-3.88%
Fine glass	913,176,044	571,781,267	37.39%	-2.3%	6.69%	-5.28%
Solar energy	821,145,144	849,302,813	-3.43%	-48.01%	-19.54%	-36.59%
Off-setting between divisions	-32,443,413	-42,584,646				

4、Particulars related to financial report**(1) Explanation on the changes of consolidated scope compared with the previous annual report**

Compared with last year (period), three units are eliminated from consolidation this year for the following reason:

The Group lost control over Guangzhou CSG Glass Co., Ltd., Heyuan CSG Mining Co., Ltd., and Heyuan CSG PV Encapsulated Material Co., Ltd. by totally selling out their equities. Therefore, these subsidiaries are no longer incorporated in consolidated financial statements.

(2) Explanation from the Board of Directors and Supervisory Committee on the non-standard audit report presented by the certified public accountants

Inapplicable

**Board of Directors of
CSG Holding Co., Ltd.
26 March 2013**