

Stock Code: 000012/200012  
112021;112022

Short Form of Stock: Southern Glass A/B  
10SG01; 10SG02

Notice No.:2014-008

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

## **Summary of Annual Report 2013**



**Chairman of the Board:**

**ZENG NAN**

**March 2014**

# Summary of Annual Report 2013

## 1. Important Notice

The 2013 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	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.	
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## 2. Major Accounting Data and Change of Shareholders

### (1) Major Accounting Data

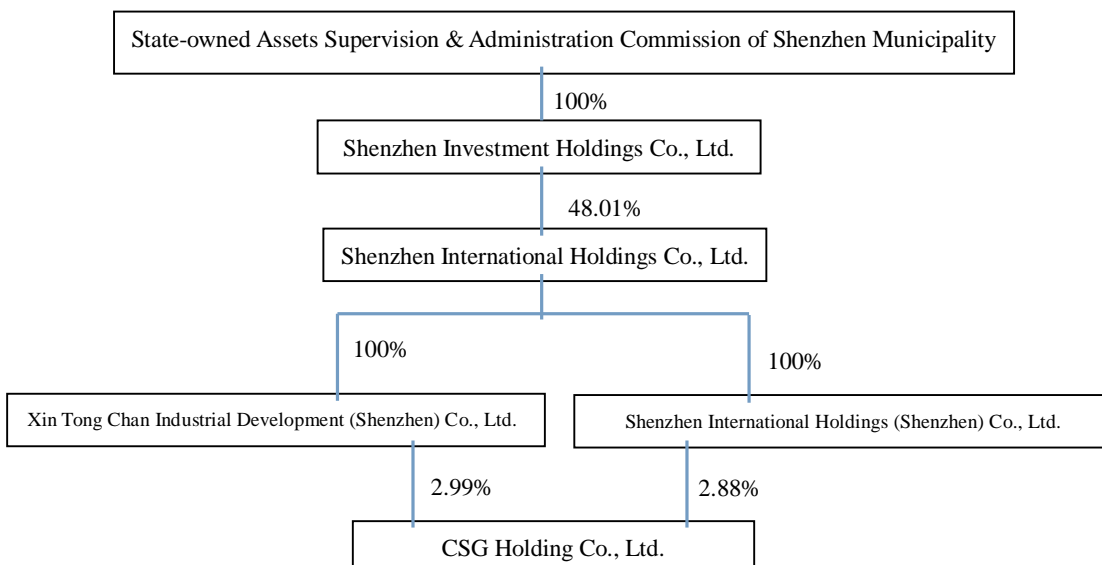
Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

Yes     No

	2013	2012	Changes over last year (%)	2012
Operating income (RMB)	7,733,796,114	6,994,358,029	10.57%	8,270,731,730
Net profit attributable to shareholders of the listed company(RMB)	1,535,929,739	274,746,219	459.04%	1,178,229,197
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	605,966,975	116,098,805	421.94%	1,067,580,683
Net cash flow arising from operating activities(RMB)	1,698,867,535	1,725,795,529	-1.56%	1,688,530,164
Basic earnings per share (RMB/Share)	0.74	0.13	469.23%	0.57
Diluted earnings per share (RMB/Share)	0.74	0.13	469.23%	0.57
Return on Equity (%)	20.52%	4.04%	16.48%	17.94%
	End of 2013	End of 2012	Changes over end of last year (%)	End of 2012
Total assets (RMB)	15,078,866,777	14,335,809,746	5.18%	15,281,391,077
Net assets attributable to shareholder of listed company (Owners' equity attributable to shareholder of listed company ) (RMB)	8,047,894,139	6,816,210,753	18.07%	6,911,117,984

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

Total shareholders in reporting period	219,171	Total shareholders ended at the day of five trading days before annual report disclosed	219,597			
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	2.99%	62,052,845	0		
Shenzhen International Holdings (Shenzhen) Co., Ltd.	Domestic non state-owned legal person	2.88%	59,778,813	0		
ICBC-Lion Stock Investment Fund	Domestic non state-owned legal person	1.23%	25,607,605	0		
ICBC-Lion Value Growth Stock Investment Fund	Domestic non state-owned legal person	0.96%	20,000,000	0		
BBH A/C Vanguard Emerging Markets Stock Index Fund	Foreign legal person	0.74%	15,370,164	0		
CMBC-Yinhua 100 Grading Stock Investment Fund	Domestic non state-owned legal person	0.68%	14,138,283	0		
CCB-Yinhua Rich Theme Stock Investment Fund	Domestic non state-owned legal person	0.63%	12,990,411	0		
BOC-Yinhua Quality Growth Stock Investment Fund	Domestic non state-owned legal person	0.56%	11,600,000	0		
Guotai Junan Securities (Hong Kong) Limited	Foreign legal person	0.50%	10,439,048	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.. ICBC-Lion Stock Investment Fund and ICBC-Lion Value Growth Stock Investment Fund share the same fund manager of Lion Fund Management. CMBC-Yinhua 100 Grading Stock Investment Fund, CCB-Yinhua Rich Theme Stock Investment Fund and BOC-Yinhua Quality Growth Stock Investment Fund share the same fund manager of Yinhua Fund Management. 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 2013, the world economy still suffered a slow growth, the developed economies and emerging economies confronted with varying dilemma in way of development and trade protectionism in all forms rose obviously. The Chinese economy not only encountered challenges of insufficient demand from overseas market, frequent trade friction, imported inflation pressure and impact of hot money, but also confronted with multi-pressures from real estate control, economic restructuring as well as over capacity in majority of the industries. It is still a rough way for domestic real economy to revive in front of so many unfavorable factors. With a up and down state of the economic environment, the Company made full use of its own advantages, respond actively to the adverse impact from market environment under the right leadership of the Board, hard work from the management as well as associated efforts of the whole personnel. The Company continues to optimize mechanism of R&D innovation, construct R&D system and ability, increase input for R&D, further deepen differentiation management strategy with technological innovation and management innovation, consolidate the foundation of delicacy management. Totally 84 patent applications were submitted by the Company in 2013, and new 60 patent applications were granted. Currently, the Company owes 195 authorized patents in total, 44 invention patents included, which account for 22.6%. In 2013, CSG implemented revenue of RMB 7.734 billion with a year-on-year growth of 10.57%, net profit attributable to equity holders of the Company of RMB 1.536 billion with a year-on-year growth of 459%.

#### (1) The changes and reasons for major financial index of the Company in 2013

Unit: RMB

Items	2013	2012	Range of Change	Reasons and Analysis
Revenue	7,733,796,114	6,994,358,029	10.57%	Revenue increased mainly because the sales and sale price of part of the products were higher than the same period of last year due to the economic situation improved
Operating cost	5,501,300,657	5,355,802,923	2.72%	--
Selling and distribution expenses	267,394,775	234,821,552	13.87%	Increase of selling and distribution expenses mainly due to the increase of the sales.
General and administrative expenses	671,321,260	526,909,538	27.41%	General and administrative expenses increased mainly because the management performance bonus was accrued in this year.
Including: R&D expenditure	179,879,478	148,329,637	21.27%	Increased of R&D expenditure was mainly due to more investment in R&D in this year.
Financial expenses	238,321,702	248,920,054	-4.26%	--
Net cash flow from operating activities	1,698,867,535	1,725,795,529	-1.56%	--
Net cash flows from investing activities	-1,052,078,756	-1,173,000,884	-10.31%	Net cash flows from investing activities declined mainly because more cash received relating to other investment activities in this year.
Net cash flows from financing activities	-817,587,745	-739,722,236	10.53%	The increase of net cash flow arising from financing activities was mainly due to more bank loan had been repaid in this year.

#### (2) Composition of main business of the Company in 2013

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 glass industry	3,958,217,805	3,104,282,050	21.57%	21.15%	9.48%	8.36%
Architectural glass industry	2,854,745,532	1,956,957,342	31.45%	9.53%	12.69%	-1.92%
Solar energy industry	945,054,866	814,673,607	13.80%	15.09%	-4.08%	17.23%
Fine glass industry	794,643,237	481,426,660	39.42%	-12.98%	-15.80%	2.03%
Off-setting between	-889,481,892	-886,542,719	--	--	--	--

divisions						
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#### 4、Particulars related to financial report

##### (1) Explanation on changes of accounting policy, estimation and calculation method as compared with last year's financial statement

In order to reflect an objective and fair financial status and operation results of the Company, and realize easy value evaluation and comparative analysis for investors, according with actual condition of the Company and relevant regulation of accounting standards, Proposal of the Accounting Estimation Changed has been approved by the 13<sup>th</sup> meeting of 6<sup>th</sup> board of directors on 18 October 2013. And the depreciation life, yearly depreciation and residuals rate for fixed assets are changed as:

Assets	Pre-changed			Post-changed		
	Service life	Residuals rate	Yearly depreciation	Service life	Residuals rate	Yearly depreciation
House	30-40	5%-10%	2.25%-3.17%	35	5%	2.71%
Buildings	10-20	5%-10%	4.5%-9.5%	20	5%	4.75%
Machinery equipment	General machining equipment	10-16	5%-10%	15	5%	6.33%
	Industrial stoves	12-16	5%-10%	10	5%	9.50%
	Mining and processing equipment	12	5%-10%	12	5%	7.92%
	Cogeneration equipment	16	5%	15	5%	6.33%
	CGC relevant equipment	-	-	20	5%	4.75%
	Other equipment (R&D test equipment, quality control test equipment and other auxiliary equipment mostly)	10-16	5%-10%	5.63%-9.5%	8	5%
Vehicle	8-10	5%-10%	9%-11.88%	8	0%	12.50%
Computers & office facilities and Others	3-10	5%-10%	9%-31.67%	5	0%	20.00%

The changes will come into force since the date deliberated and approved by the Board. According to relevant regulations in Accounting Standards for Enterprise No.28: Changes in Accounting Policies and Estimates and Corrections of Errors, the prospective application will be adopted for the above mentioned changes and retroactive modulation is not necessary to the financial reports that has released. The changes have no impact either on profit for year of 2013, or the financial status and operation results in previous year.

##### (2) Explanation on the changes of consolidated scope compared with the previous annual report

Compared with last year (period), one unit was included in this year for the following reason:

Yichang CSG Photoelectric Glass Co., Ltd. (former: Yichang Hejing Photoconductive Ceramics Materials Co., Ltd.) is included in the scope for obtained through combination under different control.

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

The Company lost control over CSG (Australia) Co., Ltd., Shenzhen Display Technology Co., Ltd. and its subsidiaries (including Shenzhen CSG Wellight Conductive Coating Co., Ltd., Shenzhen New Vision PV Technology Co., Ltd., Shenzhen CSG Hongxu Technology Co., Ltd., Yichang CSG Display Co., Ltd. and Shenzhen Nanxian Technology Co., Ltd.) by selling part of their shares. And Shenzhen CSG Enamelled Tempered Glass Co., Ltd., has been cancelled in the year. Therefore, these subsidiaries are no longer incorporated in consolidated financial statements.

**Board of Directors of  
CSG Holding Co., Ltd.  
25 March 2014**