

CSG HOLDING CO., LTD.

THE FIRST QUARTER REPORT 2014

(Excluding Financial Statement)



Chairman of the Board:

ZENG NAN

April 2014

Stock Code: 000012; 200012;
112021; 112022

Short Form of Stock: CSG A; CSG B;
10 CSG 01; 10 CSG 02

Notice No.:2014-018

Section I Important Notice

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.

All directors are present the meeting of the Board for deliberating the First Quarter Report of the Company in person.

Chairman of the Board of the Company Mr. Zeng Nan, CFO Mr. Luo Youming and principle of the financial department Mr. Zhang Guoming hereby confirm the truthfulness and completeness of the Financial Report in the First Quarter Report of 2014.

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.

Section II Main accounting data and Changes in Shareholders

I. Main accounting data and indices

Whether retrospective adjustment has been carried out on financial reports of previous periods or not

☐ Yes ☒ No

	The 1 st quarter of 2014	The 1 st quarter of 2013	Percentage of change (%)
Operating income (RMB)	1,482,894,670	1,456,792,882	1.79%
Net profit attributable to shareholders of the listed company(RMB)	123,051,443	107,660,977	14.3%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	108,589,698	90,472,570	20.02%
Net cash flow arising from operating activities(RMB)	90,191,987	289,618,073	-68.86%
Basic earnings per share (RMB/Share)	0.0593	0.0519	14.26%
Diluted earnings per share (RMB/Share)	0.0593	0.0519	14.26%
The weighted average return on net assets (%)	1.5%	1.57%	-0.07%
	31 March 2014	31 December 2013	Percentage of change (%)
Total assets (RMB)	15,285,641,383	15,078,866,777	1.37%
Net assets attributable to shareholder of listed company(RMB)	8,179,819,319	8,047,894,139	1.64%

Items and amounts of extraordinary profit (gains)/loss

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount from beginning of the year to the end of the report period	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-828,851	
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)	20,724,698	
Other non-operating income and expenditure except for the aforementioned items	3,679,852	
Other gain/loss items satisfying the definition of nonrecurring gain/loss	-2,351,667	

account		
Less: Impact on income tax	4,594,833	
Amount of minority shareholders' equity (post-tax)	2,167,454	
Total	14,461,745	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons.

☐Applicable ☒Not applicable

II. Total of shareholders at the end of the report period and particulars about the shares held by the top ten shareholders

Unit: Share

Total of shareholders at the end of the report period		220,901				
Particulars about shares held by the top ten shareholders						
Name of shareholder	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		
ICBC-Lion Stock Securities Investment Funds	Domestic non state-owned legal person	0.87%	18,000,000	0		
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	Overseas legal person	0.71%	14,751,764	0		
CMBC—Yinhua Shenzhen Stock 100 Index Grading Securities Investment Fund	Domestic non state-owned legal person	0.63%	13,101,411	0		
China Resources SZITIC Trust Co., Ltd. – Runjin No.71 Collective Fund Trust Plan	Domestic non state-owned legal person	0.56%	11,623,300	0		
GUOTAI JUNAN SECURITIES(HONGKONG)	Overseas legal	0.48%	10,045,233	0		

LIMITED	person					
ICBC- Rongtong Shenzhen Stock 100 Index Securities Investment Funds	Domestic non state-owned legal person	0.48%	10,013,158	0		
BOC- E-fund Shenzhen Stock 100 ETF	Domestic non state-owned legal person	0.45%	9,352,862	0		
Particulars about shares held by the top ten unrestricted shareholders						
Name of shareholder		Amount of unrestricted shares held	Share type and amount			
			Share type	Amount		
China Northern Industries Corporation		75,167,934	A-share	75,167,934		
Xin Tong Chan Industrial Development (Shenzhen) Co., Ltd.		62,052,845	A-share	62,052,845		
Shenzhen International Holdings (Shenzhen) Co., Ltd.		59,778,813	A-share	59,778,813		
ICBC-Lion Stock Securities Investment Funds		18,000,000	A-share	18,000,000		
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND		14,751,764	B-share	14,751,764		
CMBC—Yinhua Shenzhen Stock 100 Index Grading Securities Investment Fund		13,101,411	A -share	13,101,411		
China Resources SZITIC Trust Co., Ltd. – Runjin No.71 Collective Fund Trust Plan		11,623,300	A-share	11,623,300		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED		10,045,233	B-share	10,045,233		
ICBC- Rongtong Shenzhen Stock 100 Index Securities Investment Funds		10,013,158	A-share	10,013,158		
BOC- E-fund Shenzhen Stock 100 ETF		9,352,862	A -share	9,352,862		
Statement on associated relationship or consistent action among the above 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				

Whether has a buy-back agreement dealing in reporting period

☐ Yes ☒ No

Section III Important Events

I. Particulars and explanations about significant changes in main accounting statement and financial indexes

Unit: RMB'0,000

	Note	31 March 2014	31 December 2013	Amount of change	Percentage of change
Notes receivable	(1)	16,693	32,389	(15,696)	(48%)
Accounts receivable	(2)	27,010	13,643	13,367	98%
Other receivables	(3)	2,354	10,937	(8,583)	(78%)
Inventory	(4)	53,346	37,868	15,478	41%
Remuneration payable	(5)	7,867	16,638	(8,771)	(53%)
	Note	Jan.-Mar.2014	Jan.-Mar.2013	Amount of change	Percentage of change
Business tax and surcharges	(6)	749	1,090	(341)	(31%)
Asset impairment loss	(7)	274	(75)	349	(465%)
Non-business expenditure	(8)	145	711	(566)	(80%)
Income tax expenses	(9)	3,549	4,480	(931)	(21%)
Other comprehensive income	(10)	1,035	(846)	1,881	(222%)

Note:

- (1) Notes receivable decreased mainly because bill payment for goods increased in the report period.
- (2) Accounts receivable increased mainly because there was more payment collection at the end of last year while the payment collection in the period was normal.
- (3) Other receivables decreased mainly because the insurance indemnity caused by the fire accident of Dongguan CSG PV tech Co., Ltd. was received in the report period.
- (4) Inventory increased mainly because raw materials and finished goods stocked up for subsequent orders increased in part of subsidiaries of the Company
- (5) Remuneration payable decreased mainly because provision of employee year-end bonus at the end of last year had been paid in the report period.
- (6) Business tax and surcharges decreased mainly because urban maintenance & construction tax and the education surtax declined due to the decrease of VAT paid in the report period.
- (7) Asset impairment loss increased mainly because in the report period the increase amount of accounts receivable was greater than that of the same time of last year and general provision for bad debt in the report period increased over that of the same period of last year.
- (8) Non-business expenditure decreased mainly because the subsidiary of the Company, Shenzhen Float paid an amount of RMB 7 million related to land at the same period of last year and there was no large non-business expenditure in the report period.
- (9) Income tax expenses decreased mainly because the profit of the subsidiary that enjoyed the preferential income tax increased over the same period of last year, and thus the comprehensive income tax rates decreased over the same period of last year.

(10) Other comprehensive income increased mainly because the fair value of financial assets available for sale of the Company increased in the report period.

II. The progress of material events and the analysis of the solutions

1. Assets for sale

Being deliberated and approved in interim meeting of 6th session of the Board on 27 September 2013, the Company transferred 100% equity of its wholly-owned subsidiary, Shenzhen CSG Float Glass Co., Ltd., to Golden Times Investment Consultant (SZ) Co., Ltd. with consideration of RMB 918 million. Meanwhile, Golden Times promised to pay the debt obligation of RMB 330 million to Shenzhen Float. Approximately investment earnings of RMB 290 million are expected to generate through the transfer, and the equity transfer will bring a positive impact on perfecting resource allocation, improving assets quality and enhancing core competitiveness of the Company.

Details of the transfer can be found in “Sales of Assets Notice” released in the China Securities Journal, Securities Times, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn) on 28 September 2013.

2. Short-term Financing Bonds

On 6 August 2012, the First Extraordinary Shareholders’ General Meeting 2012 of CSG Holding Co., Ltd deliberated and approved the proposal of short-term financing bills offering with application of short-term financing bill within RMB 2.2 billion limit. On 11 January 2013, National Association of Financial market Institutional Investors held its 1st registration meeting of 2013, in which NAFMII decided to accept the Company’s short-term financing bills registration, amounting to RMB 1.1 billion, valid until January 25, 2015. China Merchants Bank Co., Ltd, and Shanghai Pudong Development Bank Co., Ltd were joint lead underwriters of these short-term financing bills, which could be issued by stages within the validity period of registration. On 7 March 2013, the Company issued short-term financing bills with a total amount of RMB 1.1 billion and deadline of one year, and cashed completed on 6 March 2014.

On 23 April 2013, annual shareholders’ general meeting 2012 of CSG considered and passed the proposal of publishing short-term financing bills, agreed the Company’s application for publishing short-term financing bills with amount not over the 40% of the Company’s net assets in total (the issued short-term financing bonds included). On 20 December 2013, National Association of Financial market Institutional Investors held its 74th registration meeting of 2013, in which NAFMII decided to accept the Company’s short-term financing bills registration, amounting to RMB 1.1 billion and deadline of 2 years. China CITIC Bank Corporation Limited and Agricultural Bank of China Co., Ltd were joint lead underwriters of these short-term financing bills, which could be issued by stages within the validity period of registration. On 14 March 2014, the Company issued short-term financing bills with a total amount of RMB 0.5 billion and deadline of one year. As for the remaining RMB 0.6 billion and one-year term short-term financing bonds, the issuance date is undetermined.

For details, please refer to www.chinabond.com.cn and www.chinamoney.com.cn.

3. Stock option incentive

The 15th meeting of 6th session of the Board held on 22 March 2014 deliberated and approved the “Proposal of Incentive Plan for Restricted Stock of A-share (Draft) and Summary” (hereinafter referred to Incentive Plan).

The incentive plan will issue no more than 90 million restricted A shares to grant plan participants in one time. The participants who can be awarded with restricted shares should correspond to award requirements regulated in restrict shares incentive plan. The Plan is valid for 48 months. The first 12 months since granted date was the lockup period and the later 36 months was the unlocked period. During the unlocked period, plan participants can apply unlocking the restricted shares in three phases if achieved the release condition, and the unlocked ratio shall be no more than 40%、30%、30% of the total restricted shares respectively. The incentive plan

should be submitted to the general meeting of shareholders for deliberation after China Securities Regulatory Commission puts on file without objection.

III. Commitments of shareholders with over 5% of shares made in the report period or carried over from previous period

Commitments	Promisee	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.	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 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					
Commitments in assets reorganization					
Commitments in initial public offering or re-financing					
Other commitments for medium and small shareholders					
Completed on time or not	Yes				
Detail reasons for un-complement and further plan	Not applicable				

IV. Prediction of business performance for Jan.-Jun. 2014

Alert of loss or significant change in net profit from the beginning of year to the end of next report period or compared with the same period of last year, and statement of causations.

☐ Applicable ☒ Non applicable

Board of Directors of

CSG Holding Co., Ltd.

22 April 2014