

Stock Code: 000012/200012
112022

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

Notice No.: 2016-012

CSG HOLDING CO., LTD.

Summary of Annual Report 2015



Chairman of the Board:

ZENG NAN

March 2016

Summary of Annual Report 2015

1. Important Notice

The 2015 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 for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

Notice of non-standard audit opinions

Applicable Not applicable

The profit distribution plan or plan of converting capital reserve into share capital for the report period deliberated in the Board Meeting

Applicable Not applicable

Whether converting capital reserve into share capital or not

Yes No

The deliberated and approved profit distribution plan in the Board Meeting is: taking total shares of 31 December 2015 as the radix, sending cash dividends of RMB 3.0 (tax included) per 10 shares to all shareholders, neither bonus shares being sent, nor converting capital reserve into share capital.

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	Representative of security affairs	
Name	Zhou Hong	Ma Limei	
Contact address	CSG Building, No.1, the 6 th Industrial Road, Shekou, Shenzhen, P.R.C.	CSG Building, No.1 of the 6th Industrial Road, Shekou, Shenzhen, P. R.C.	
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II. Main business or product introduction in the report period

CSG Group devotes to energy-saving and renewable energy business. “Providing energy-saving glass and renewable energy products to the community” is the long-term development strategy for CSG. CSG’s main business scope covers manufacture and sales of flat glass, architectural energy-saving glass, polysilicon materials, PV modules, new materials like ultra-thin electronic glass and other high-tech products. The Company currently has three pillar businesses, including flat glass, architectural glass, and solar energy industry, details of which are as follows:

Flat glass industry

As the only domestic enterprise that possesses the independent intellectual property of high-grade float glass technique, CSG Group now has 10 float glass production lines representing the most advanced technology in domestic market, 2 solar rolled glass production lines, 2 ultra-thin electronic glass production lines (one of which owned by Yichang CSG Photoelectric Glass Co., Ltd., a wholly-owned subsidiary of Shenzhen CSG Display Technology Co., Ltd. which is a joint-stock company of CSG with 44.7% equity held by CSG at present), and one high-performance ultra-thin glass production line. The annual capacity of various high-grade float glass has reached more than 2.2 million tons, the annual capacity of solar rolled glass has reached over 0.4 million tons, the

annual capacity of ultra-thin electronic glass has reached over 60,000 tons, and the annual capacity of high-performance ultra-thin electronic glass is 12 million square meters. The Company owns quartz sand raw material bases in Jiangyou, Sichuan Province and Yingde, Guangdong Province. The production bases for flat glass, solar glass and ultra-thin glass of the Company located in Dongguan, Chengdu, Langfang, Wujiang, Xianning, and Yichang, which can produce various colors of high-grade float glass with thickness from 1.1mm to 25mm and ultra-clear float glass, as well as ultra-thin electronic glass with thickness from 0.2mm to 1.1mm. Those products are widely used in high-grade buildings, decoration and furniture, mirror, automotive windshield, scanner, copier, PDP TV, rear-projection television, display devices and solar energy field, each performance indicator of which has reached domestic advanced level.

In the flat glass industry, the Company always adheres to innovation, transformation and upgrading, and further enhances the profitability of flat glass industry by improving its differential management ability. In 2015, the second-line (700T / D) technological transformation project of the subsidiary Chengdu CSG was successfully completed, which was the furtherance of the implementation of upgrading and transformation strategy for CSG's float glass industry. Meanwhile, the Company made use of its technical advantages accumulated in the production of float glass and fine glass to prioritize the development of ultra-thin electronic glass. In 2015, the Company's Qingyuan high-performance ultra-thin glass project officially started and entered into the trial operation stage. Along with ultra-thin glass production lines built and put into operation one after another, the Company will become the ultra-thin electronic glass supplier with the most diversified products in this field.

Architectural glass industry

As the nation's largest supplier of high-grade engineering and architectural glass, CSG Group has five architectural and energy-saving glass processing centers which are located in Tianjin, Dongguan, Xianning, Wujiang, and Chengdu. The Company possesses the world's most advanced glass deep-processing equipments and testing instruments, and its products cover all kinds of architectural glass. R&D and use of coating technology of the Company keep pace with the world. The Company has successively developed the second generation and the third generation energy-saving glass products with continuous improving energy-saving effect and its high-quality, energy-saving LOW-E insulating glass has occupied more than 55% of the domestic high-end market. At present, the Company's LOW-E coated insulating glass has reached annual capacity of more than 13.2 million square meters. The Company continues to launch differentiated new products by taking good use of its advantage in coating technology and actively promote them.

The Company's quality management system for engineering and architectural glass has been respectively approved by organizations of UK AOQC and Australia QAS. The product quality which meets the national standards of the US, the UK and Australia, helps CSG frequently win in the international tendering and bidding. Since 1988, CSG's engineers and technicians have been continuously participating in the formulation and compilation of various national standards and industry standards. Various high-quality architectural glass of the Company has been used in many landmark buildings at home and abroad, such as Beijing Capital International Airport, CCTV, Shanghai Oriental Fisherman's Wharf, Shenzhen KingKey100 Building, Ping An International Finance Centre, Hangzhou International Airport, Chengdu International Finance Centre, Hong Kong Four Seasons Hotel, Hilton Hotel at Melbourne Airport, Tokyo Tallest Building, International Centre of Abu Dhabi.

Solar energy industry

The Company has built a solar PV industry chain from raw material production of polycrystalline silicon to silicon wafers, solar cells, solar modules, and solar ultra-clear rolled glass, and further extends to the terminal application filed of investing and developing solar photovoltaic power plants.

In June 2014, polycrystalline silicon production line was officially put into commercial operation after comprehensive upgrading and transformation, the operation of each system was stable overall, the production capacity increased to 6,000 tons, the cost of production substantially declined, the product quality obviously increased, and the technology reached the international advanced level which could realize the production of electronic grade polycrystalline silicon. Electronic grade polycrystalline silicon is an important raw material of integrated circuits, the R&D for electronic grade polycrystalline silicon has been identified as the major projects of national science and technology development and the top priority in technological development in accordance with "National Long-term Scientific and Technological Development Planning Outline(2006-2020)". To take the initiative in the field of electronic grade polysilicon products, the Company is currently planning for comprehensive utilization of existing resources, further increasing the production capacity of polycrystalline silicon to 12,000 tons per year, including 2,500 tons of electronic grade polycrystalline silicon. In the aspect of silicon wafers, the Company's wafer production capacity has reached 1GW after the production expansion, and the technological research and development, production and product quality of silicon wafers are in a leading

position in China. The Company is currently planning for further production expansion by increasing 500MW to achieve the production capacity of 1.5GW polycrystalline silicon wafers. At the same time, the Company's solar energy division has successfully developed and produced high-power solar cell modules and is planning to expand the capacity of cells to 350MW from its current designed capacity of 200MW. The implementation of above investment plans helps to enhance the anti-risk capability of CSG's PV industry chain, and promote balanced, rapid and healthy development of CSG's PV industry chain.

In 2015, the Company established a wholly-owned subsidiary, Shenzhen CSG PV Energy Co., Ltd., the main business of which is to invest and develop solar photovoltaic power plants. By setting PV Energy company, the Company can take full advantage of the solar energy industry to boost its healthy development and further improving the industry chain of solar energy business by extending CSG's solar energy industry to high value-added field of terminal applications. At present, the Company has completed the photovoltaic power generation projects in its subsidiaries in Wujiang, Dongguan, Xianning, and Chengdu, the total PV power generation capacity has nearly reached 80MW. The Company plans to invest and construct photovoltaic power plants during 2016-2017, of which 200MW will be built by itself and 140MW by cooperating with Kibing Group. The development of the Company's PV power plant business will not only create new incomes and profit growth points for the Company but also enhance the Company's comprehensive competitiveness in this field.

III. Main accounting data and financial indexes

1. Main accounting data and financial indexes in the last three years

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

Yes No

	2015	2014	Changes over last year (%)	2013
Operating income (RMB)	7,430,889,111	7,044,502,645	5.48%	7,733,796,114
Net profit attributable to shareholders of the listed company (RMB)	624,753,110	873,653,030	-28.49%	1,535,929,739
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	299,683,946	438,889,847	-31.72%	605,966,975
Net cash flow arising from operating activities (RMB)	1,092,832,497	1,406,259,210	-22.29%	1,698,867,535
Basic earnings per share (RMB/Share)	0.30	0.42	-28.57%	0.74
Diluted earnings per share (RMB/Share)	0.30	0.42	-28.57%	0.74
Weighted average ROE (%)	7.70%	10.61%	-2.91%	20.52%
	As at 31 Dec. 2015	As at 31 Dec. 2014	Changes over the end of last year	As at 31 Dec. 2013
Total assets (RMB)	15,489,600,160	15,116,808,305	2.47%	15,078,866,777
Net assets attributable to shareholders of the listed company (RMB)	7,874,310,997	8,348,561,765	-5.68%	8,047,894,139

2. Financial highlights by quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating income	1,539,206,800	1,783,832,702	2,054,090,445	2,053,759,164
Net profit attributable to shareholders of the listed company	82,201,310	123,566,034	188,302,026	230,683,740
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	29,979,957	34,287,726	68,952,564	166,463,699
Net cash flow arising from operating activities	37,738,405	314,825,415	328,582,068	411,686,609

Whether there are significant differences between the above-mentioned financial index or its total number and the relevant financial

index disclosed in the company's quarterly report and semi-annual report or not

Yes No

IV. Particulars about share capital and shareholders

1. Amount of common shareholders, preference shareholders with voting rights recovered and the top ten shareholders

Unit: Share

Total shareholders at the end of the report period	162,226	Total shareholders at the end of the month before this annual report disclosed	156,651	Total preference shareholders with voting rights recovered at end of report period (if applicable)	N/A	Total preference shareholders with voting rights recovered at end of the month before this annual report disclosed (if applicable)	N/A
Particulars about the top 10 shareholders							
Full name of Shareholders	Nature of shareholder	Proportion of shares held (%)	Total shares held	Amount of restricted shares held	Number of share pledged/frozen		
					Share status	Amount	
Foresea Life Insurance Co., Ltd. - Haili Niannian	Domestic non state-owned legal person	11.08%	229,953,675	0			
Foresea Life Insurance Co., Ltd. - universal insurance products	Domestic non state-owned legal person	3.92%	81,405,744	0			
China Northern Industries Corporation	State-owned legal person	3.62%	75,167,934	0			
Shenzhen Jushenghua Co., Ltd.	Domestic non state-owned legal person	2.87%	59,552,120	0			
Foresea Life Insurance Co., Ltd. - own fund	Domestic non state-owned legal person	1.95%	40,519,788	0			
Central Huijin Investment Ltd.	Domestic non state-owned legal person	1.92%	39,811,300	0			
Shen International Holdings (Shenzhen) Co., Ltd.	Domestic non state-owned legal person	1.78%	37,040,200	0			
China Galaxy International Securities (H.K.) Co., Ltd.	Foreign legal person	1.40%	29,072,612	0			
China Securities Finance Corporation	Domestic non state-owned legal person	1.27%	26,357,447	0			
Haitong International Securities Company Limited-Account Client	Foreign legal person	1.15%	23,896,635	0			
Statement on associated relationship or consistent action among the top ten un-restrict shareholders, the top ten un-restrict shareholders and the top ten shareholders	<p>Among shareholders as listed above, Foresea Life Insurance Co., Ltd.-Haili Niannian, Foresea Life Insurance Co., Ltd.-universal insurance products, Foresea Life Insurance Co., Ltd.-own fund are all held by Foresea Life Insurance Co., Ltd.. Shenzhen Jushenghua Co., Ltd. is a related legal person of Foresea Life Insurance Co., Ltd. and Chengtai Group Co., Ltd., another related legal person of Foresea Life Insurance Co., Ltd, which held 27,625,299 shares via China Galaxy International Securities (H.K.) Co., Ltd.</p> <p>Except for the above-mentioned shareholders, It is unknown whether other shareholders belong to related party or have associated relationship regulated by the Management</p>						

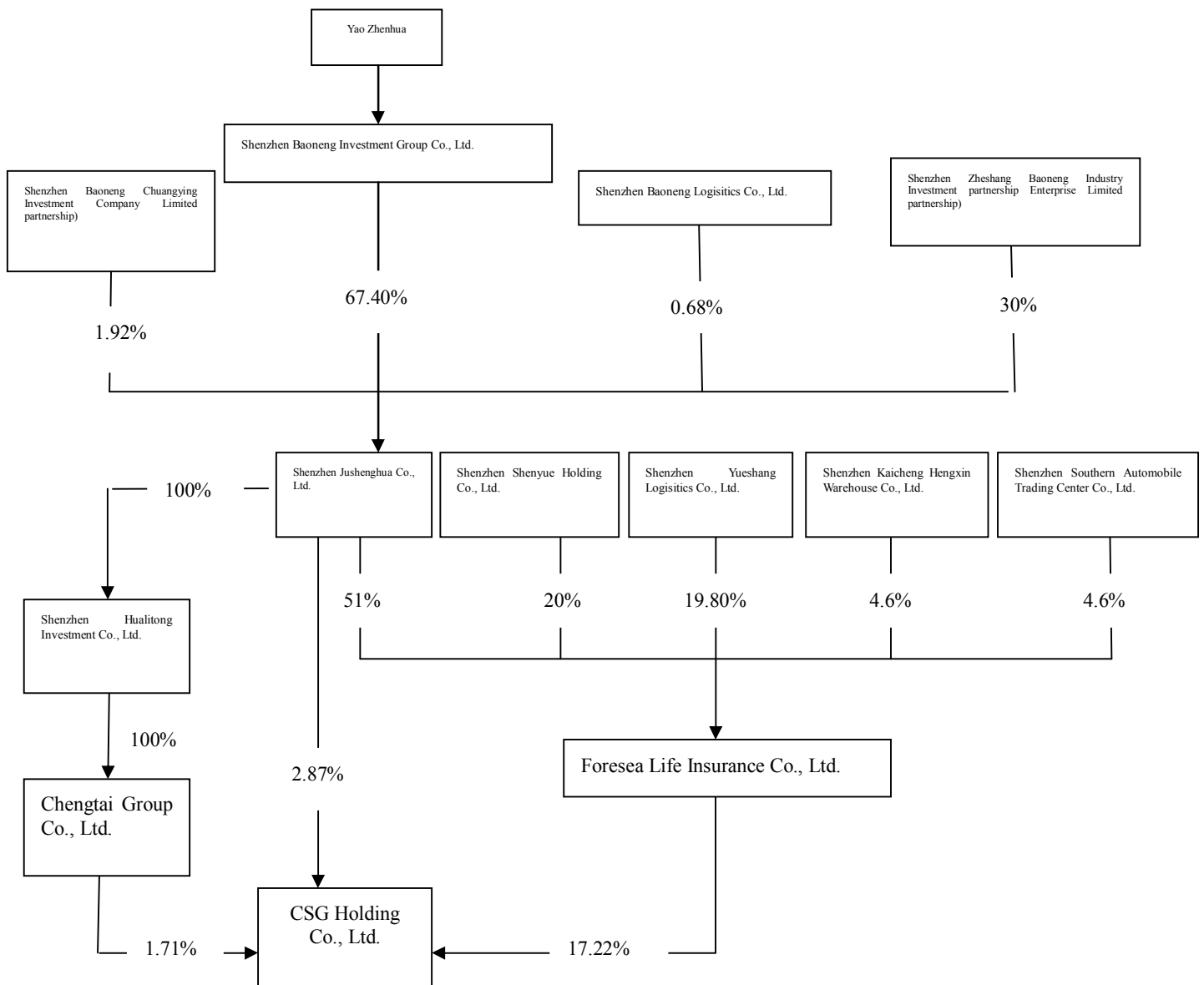
	Regulation of Information Disclosure on Change of Shareholding for Listed Companies.
Explanation on the top ten common shareholders involving margin business (if applicable)	The Company's shareholder, Shenzhen Jushenghua Co., Ltd., held 59,552,120 shares in total with 0 share in its general account and 59,552,120 shares via the client credit trading guarantee account of China Galaxy Securities Co., Ltd.

2. Particulars about the total amount of preference shareholders and top ten preference shareholders

Applicable Not applicable

The Company had no preference shareholders in the report period.

3. Property right and controlling relationship between the largest shareholder and the Company is as follow:



V. Discussion and analysis of the Management

1. Introduction of the operation in the report period

In 2015, the world economic growth was lower than that was widely expected, the economic growth of emerging markets and developing economies accelerated decline, the economic growth of the countries differentiated obviously, and the global economic situation was extremely complicated. China's economy entered into a shift phase of economic growth and the economic downward trend was obvious. The real economy, especially the traditional manufacturing industries were facing enormous difficulties, most of the industrial markets were facing demand saturation and serious overcapacity, and the road to reduce production capacity and adjust structure was long and harsh.

Year of 2015 was also an extraordinary year in the development course of CSG, the Company not only faced with the continued downturn of external economic environment and market environment, but also experienced a significant change of equity structure. In this complex and changeable environment, CSG's management team insisted on the professional spirit of professional managers, continued to adhere to the professional ethics of "Loyalty and Integrity, Diligence and Conscientiousness", carried forward the enterprise spirit of "Realistic and Innovative, United and Efficient", removed various negative interference and influence, promoted the steady and progress of various work, and got outstanding achievement. In 2015, the Company realized operating revenue of RMB 7,430.89 million, with a year-on-year increase of RMB 386.39 million and growth rate of 5.48%. The net profit attributable to parent company was RMB 624.75 million, with a year-on-year decrease of RMB 248.90 million and decreasing amplitude of 28.49%. After deducting extraordinary profits and losses, the net profit was RMB 299.68 million, with a year-on-year decrease of RMB 139.21 million and decline rate of 31.72%.

In 2015, affected by adjustment of real estate and overcapacity, the operating pressure on float glass industry became more and more intensified. As the price of float glass keeping downside and the cost retaining upside, the whole industry was in the state of deficit. Solar glass was also faced with the pressure of overcapacity and price decline. To cope with the unfavorable market environment, flat glass division of the Company actively explored the way to upgrade the production lines which were stopped production and continued to reinforce cost control, energy saving, and promote the manufacture and sales of differentiated and high-grade products. In 2015, flat glass division realized revenue of RMB 3,631.95 million with a year-on-year decrease of 1.01%, and book profit of RMB 114.60 million with a year-on-year decline of 51.02%.

The downward pressure on market demand of architectural glass became visible affected by the adjustment of property market, leading to relatively great decline in product price. To cope with the downward pressure of the market, architectural glass division further strengthened management and proactively promoted the sales of differentiated products. In 2015, architectural glass division realized sales revenue of RMB 2,957.35 million, with a year-on-year decrease of 3.16%, and book net profit of RMB 400.13 million, with a year-on-year decrease of 22.21%.

In 2015, along with the increasing pressure of energy saving and emission reduction and tackling climate change, the country increased investment and policy supports to clean energy. Photovoltaic power generation market gradually got out of sluggish state. The solar energy division of the Company promptly seized the market opportunities, actively explored the market and expanded the production capacity of profitable products. In 2015, the solar energy division realized sales revenue of RMB 1,584.48 million, with a year-on-year increase of 43.66% and book profit of RMB 82.58 million, with a year-on-year increase of 44.00%.

1. The changes for major financial index of the Company in 2015

Unit: RMB

Items	2015	2014	Range of Change	Analysis of reasons
Operating income	7,430,889,111	7,044,502,645	5.48%	mainly due to the increase of sales volume
Operating costs	5,824,792,630	5,323,219,390	9.42%	mainly due to the increase of sales volume
Sales expenses	283,369,323	265,720,355	6.64%	mainly due to the increase of transport charges
Administration expenses	672,697,939	597,772,089	12.53%	mainly due to the increase of research and development expense
Including:R&D expenses	231,328,258	182,975,076	26.43%	mainly because the Company enhanced the R & D investment

Financial expenses	278,687,176	231,531,434	20.37%	mainly due to the increase of borrowing
Net cash flow arising from operating activities	1,092,832,497	1,406,259,210	-22.29%	mainly due to the increase of accounts receivable
Net cash flow arising from investment activities	-578,218,613	-899,601,189	-35.73%	mainly because the cash paid for the construction of fixed assets decreased
Net cash flow arising from financing activities	-100,083,486	-626,284,428	-84.02%	Mainly due to the increase of bank loan

2. Major changes of main business in the report period

Yes No

3. List of products exceed 10% of the operating income or operating profits of the Company

Applicable Not applicable

Unit: RMB

Product	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating profit y-o-y	Increase/decrease of gross profit ratio y-o-y
Flat glass	3,631,946,788	481,742,643	13.26%	-1.01%	-12.21%	-1.69%
Architectural glass	2,957,350,171	873,342,984	29.53%	-3.16%	-10.07%	-2.27%
Solar energy products	1,584,478,216	251,104,232	15.85%	43.66%	26.35%	-2.17%

4. Whether there is seasonal or cyclical characteristics of operation needed to pay particular attention to

Yes No

5. Statement on significant changes of the amount or composition of operating income, operating costs, net profit attributable to common shareholders of the listed company during the report period compared with the previous report period

Applicable Not applicable

6. Particular about the Company suspended from the stock market listing and delisting

Applicable Not applicable

VI. Particulars related to financial report

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

Applicable Not applicable

No particular about changes of accounting policy, estimation or calculation method in the report period.

2. Particular about major accounting errors correction that needs retroactive re-statement in the report period

Applicable Not applicable

No particular about major accounting errors correction that needed retroactive re-statement for the Company in the report period.

3. Whether the consolidated scope changed during the report period compared with the financial report of last year

Applicable Not applicable

The new-established subsidiaries which were incorporated into the scope of the consolidation were Shenzhen CSG Financial Leasing Co., LTD and Shenzhen CSG Photovoltaic Energy Co., LTD.

The subsidiaries which were no longer included in the scope of the consolidation were China (Australia) Southern Glass Co., LTD and Yichang CSG Photovoltaic Glass Co., LTD.

4. Explanation from Board of Directors, Supervisory Committee for “Non-standard audit report” of the period that issued by CPA firm

Applicable Not applicable

**Board of Directors of
CSG Holding Co., Ltd.
25 March 2016**