

CSG HOLDING CO., LTD.

SUMMARY OF SEMI-ANNUAL REPORT 2019



Chairman of the Board:

Chen Lin

August 2019

I. Important notice

The summary of semi-annual report is excerpted from the full text of the semi-annual report. In order to fully understand the Company's operating achievements, financial standing and future development planning, investors should carefully read the full text of the semi-annual report announced on the media designated by CSRC.

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.

Notice of non-standard audit opinion

☐ Applicable ☒ Not applicable

Plans of profit distribution and share converted from capital reserve in the report period which was deliberated by the Board

☐ Applicable ☒ Not applicable

The Company had no plans of cash dividend distribution, bonus shares distribution or share converted from capital reserve in the first half of the year.

Profit distribution plan of preferred shares in the report period which was approved by the Board

☐ Applicable ☒ Not applicable

II. The basic information of the Company

1. Company profile

Short form for share	Southern Glass A、Southern Glass B	Code for share	000012、200012
Listing stock exchange	Shenzhen Stock Exchange		
Person/Way to contact	Secretary of the Board	Representative of securities affairs	
Name	Yang Xinyu	Chen Chunyan	
Contact address	CSG Building, No.1 of the 6th Industrial Road, Shekou, Shenzhen, P. R.C.	CSG Building, No.1 of the 6th Industrial Road, Shekou, Shenzhen, P. R.C.	
Tel.	(86)755-26860666	(86)755-26860666	
E-mail	securities@csgholding.com	securities@csgholding.com	

2. Main accounting data and financial indexes

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

☐ Yes ☒ No

	The report period (Jan. to Jun.2019)	The same period of last year	Increase/decrease year-on-year
Operating income (RMB)	4,888,237,578	5,471,169,598	-10.65%
Net profit attributable to shareholders of the listed company (RMB)	377,342,401	352,837,153	6.95%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	283,939,444	334,049,718	-15.00%
Net cash flow arising from operating activities (RMB)	767,982,465	764,564,088	0.45%
Basic earnings per share (RMB/Share)	0.12	0.12	-
Diluted earnings per share (RMB/Share)	0.12	0.11	9.09%
Weighted average ROE	4.09%	4.09%	-
	End of this period	End of last year	Increase/decrease in this period-end over that of last year-end
Total assets (RMB)	18,447,187,070	19,114,234,184	-3.49%
Net assets attributable to shareholders of the listed company (RMB)	9,355,037,473	9,103,154,571	2.77%

3. Amount of shareholders of the Company and particulars about shareholding

Unit: share

Total amount of shareholders at the end of the report period	147,115	Total amount of the preferred shareholders who have resumed the voting right at end of report period (if applicable)			0	
Shareholding of the top ten 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
Foresea Life Insurance Co., Ltd. – Haili Niannian	Domestic non state-owned legal person	15.01%	466,386,874			
Foresea Life Insurance Co., Ltd. – Universal Insurance Products	Domestic non state-owned legal person	3.81%	118,425,007			
Shenzhen Jushenghua Co., Ltd.	Domestic non state-owned legal person	2.79%	86,633,447		Pledged	69,300,000
Foresea Life Insurance Co., Ltd. – Own Fund	Domestic non state-owned legal person	2.08%	64,765,161			
Central Huijin Asset Management Ltd.	State-owned legal person	1.86%	57,915,488			
China Galaxy International Securities (Hong Kong) Co., Limited	Foreign legal person	1.32%	41,044,370			
UBS AG	Foreign legal person	1.15%	35,799,049			
China Merchants Securities (HK) Co., Limited	State-owned legal person	1.05%	32,516,155			
Shenzhen International Holdings (SZ) Limited	Domestic non state-owned legal person	0.94%	29,095,000			
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.62%	19,320,233			
Statement on associated relationship or consistent action among the above shareholders:	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 40,187,904 shares via China Galaxy International Securities (Hong Kong) Co., Limited.					

	Except for the above-mentioned shareholders, 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

4. Changes of controlling shareholder or actual controller

Changes of controlling shareholder in the report period

☐Applicable ☒Not applicable

Changes of actual controller in the report period

☐Applicable ☒Not applicable

5. The total number of shareholders of the Company's preferred shares and the shareholding of the top 10 preferred shareholders

☐Applicable ☒Not applicable

There were no preferred shares held by shareholders in the report period.

6. Corporate Bonds

Whether the Company had corporate bonds publicly issued and listed on the stock exchange which hadn't matured or fully paid until the approval day of the semi-annual report

No

III. Performance Discussion and Analysis

1. Brief introduction to operation situation in the report period

In the first half year of 2019, the global economic situation was turbulent and risk events occurred frequently. Under the background of a slowdown in the global economic growth and increasing uncertainty, the market environment for entity economies became extremely severe.

Confronting the complex and volatile market environment, all the industries the Company involved were facing certain operating pressure, to which the management team and the divisions of the Company responded positively, taking great effort to resolve difficulties, and the Company achieved preferable business performance in the first half year of 2019. Although the Company lost part of its revenue compared with the same period of last year due to the technical upgrade of polysilicon and polysilicon wafer, the Company's overall profit increased year on year. In the first half year of 2019, the Company achieved operating income of RMB 4,888 million, net profit of RMB 387 million, with a year-on-year increase of RMB 28 million and growth rate of 7.70%, and net profit attributable to the parent company of RMB 377 million, with a year-on-year increase of RMB 25 million and growth rate of 6.95 %.

Glass industry:

In the first half year of 2019, due to the impact of the rising cost of natural gas fuel, the overall slowdown in real estate growth and the adverse effects of Sino-US trade friction on automotive glass and industrial glass exports, the glass industry was generally under pressure, the prices of which fluctuated to a certain extent. By taking a series of measures, the Company had achieved

good business performance. In the first half year of 2019, the glass industry achieved operating income of RMB 3,670 million with an increase of 0.13% and net profit of RMB 355 million, with a decrease of 19.90%. The detail is as follows:

Flat glass: In the first half year of 2019, influenced by the rising cost of glass production resulted by the rising price of natural gas fuel, and the slowdown of downstream demand, the operation of the flat glass industry was under pressure and the overall performance showed a certain year-on-year decline. To cope with unfavorable effects of the industry, the Company effectively reduced the negative impact of rising fuel costs and falling industry prices through continuous promotion of industry synergies, product structure optimization, cost reduction and efficiency enhancement.

Architectural glass: In the first half year of 2019, under the pressure of industry changes and intensified competition, the Company adopted a series of management measures, including improving and running marketing network to improve service quality, promoting informatization and automation to increase production efficiency, and strengthening cost control and assessment to lower costs effectively, and the performance of the architectural glass industry bucked the trend and increased significantly, maintaining its leading position in this industry.

Solar energy industry:

Affected by the policy, PV market still was hovering at the bottom in the first half year of 2019, especially in the manufacturing market of upstream materials. Meanwhile, affected by the rapid expansion of new production capacity in the regions with low electrovalence and the continuous introduction of new technologies, the operation and development of the solar energy industry were under great pressure. In order to actively cope with the severe market environment, in addition to the technical upgrade of polysilicon and polysilicon wafer in the early stage, in the first half year of 2019, the Company adopted multi-pronged approach from industry strategy to refined management, positively expanding external cooperation of PV industry, increasing production and sales share of high value-added products, continuously improving production efficiency and reducing costs,. Although the fact that some capacity had come off line resulted by the technical upgrade of polysilicon and polysilicon wafer had a certain impact on income, the solar energy sector as a whole achieved a turnaround. In the first half year of 2019, the solar energy industry achieved operating income of RMB 775 million, and net profit of RMB 23 million, reducing losses by RMB 67 million.

Electronic glass and display industry:

In the first half year of 2019, the electronic glass and display industry continued to grow with the upgrading of product technology and the steady development of the market and achieved operating income of RMB 510 million, and net profit of RMB 105 million, with a year-on-year increase of RMB 47 million and growth rate of 82%. In January 2019, the high-alumina electronic glass production base of Xianning Photovoltaic officially entered commercial operation. Through continuous R&D investment and technological innovation, the product quality has gradually improved and the products have entered the domestic famous brand market. The construction of Qingyuan CSG Phase II, ultra white electronic glass project, is going on smoothly. When the project is completed, the industry influence of CSG electronic glass will be further enhanced. Yichang Display seized the opportunity of vehicle touch control market, speeded up equipment expansion and transformation projects, fully released production capacity, and greatly increased the shipment volume of yellow light and TP modules. The AG glass production line mainly oriented to the automotive central control panel market is now in the trial production stage and expected to be officially transferred to commercial operation in the second half of the year, which will become a new profit contributor for CSG's display industry.

2. Matters relevant to financial report

(1) Particulars about the change of accounting policy, accounting estimate and accounting method compared with last accounting period

☒Applicable ☐ Not applicable

Details can be found on the Company's announcement of accounting policy changes.

(2) Particulars about retroactive adjustment or re-statement on major accounting error correction

☐Applicable ☒ Not applicable

There was no retroactive adjustment or re-statement on major accounting error correction in the report period.

(3)Particulars about the change of consolidation range compared with the annual financial report of last year

☒Applicable ☐ Not applicable

On March 21, 2019, the Group set up a subsidiary, Zhuhai CSG Commercial Factoring Co., Ltd.. As of June 30, 2019, the Group has invested RMB 10,000,000. The Group owns 100% of its equity.

On May 14, 2019, the Group set up a subsidiary, Zhuhai Hengqin New District CSG Glass Industry Co., Ltd.. As of June 30, 2019, the Group owns 100% of its equity.

On June 11, 2019, the Group set up a subsidiary, Shenzhen CSG Supply Chain Management Service Co., Ltd.. As of June 30, 2019, the Group owns 100% of its equity.

**Board of Directors of
CSG Holding Co., Ltd.
23 August 2019**