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**CSG HOLDING CO., LTD.**

**ANNUAL REPORT 2015**



**Chairman of the Board:**  
**ZENG NAN**

**March 2016**

## **Section I Important Notice, Content and Paraphrase**

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, individual and/or joint, for the facticity, accuracy and completeness of the whole contents.

Mr. Zeng Nan, Chairman of the Board, CFO Mr. Luo Youming and principal of the financial department Mr. Ding Jiuru confirm that the Financial Report enclosed in this 2015 Annual Report is true, accurate and complete.

All directors were present the meeting of the Board for deliberating the annual report of the Company in person.

This report involves futures plans and some other forward-looking statements, which shall not be considered as virtual promises to investors. Investors are kindly reminded to pay attention to possible risks.

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.

Existing industry risk, market risk and exchange rate risk have been well-described in this report, please found details of the risk factors and countermeasures of future development described in Section IV Discussion and Analysis of the Management.

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.

## Content

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## Paraphrase

| Items                                 | Refers to | Contents  |
|---------------------------------------|-----------|---|
| Company, the Company, SG or the Group | Refers to | CSG Holding Co., Ltd.                                 |
| Foresea Life                          | Refers to | Foresea Life Insurance Co., Ltd.                      |
| Ultra-thin electronic glass           | Refers to | The electronic glass with thickness between 0.1~1.1mm |
| Second-generation energy-saving glass | Refers to | Double silver coated glass                            |
| Third-generation energy-saving glass  | Refers to | Triple silver coated glass                            |

## Section II Company Profile & Financial Highlights

### I. Company information

|  |  |                        |                  |
|--|--|------------------------|------------------|
| Code for A-share                           | 000012   | Code for B-share       | 200012           |
| Short form for A-share                     | Southern Glass A   | Short form for B-share | Southern Glass B |
| Listing stock exchange                     | Shenzhen Stock Exchange  |                        |                  |
| Legal Chinese name of the Company          | 中国南玻集团股份有限公司   |                        |                  |
| Abbr. of legal Chinese name of the Company | 南玻集团   |                        |                  |
| Legal English name of the Company          | CSG Holding Co., Ltd.  |                        |                  |
| Abbr. of legal English name of the Company | CSG  |                        |                  |
| Legal Representative                       | Zeng Nan   |                        |                  |
| Registered Add.                            | CSG Building, No.1, the 6 <sup>th</sup> Industrial Road, Shekou, Shenzhen, P. R.C. |                        |                  |
| Post Code                                  | 518067   |                        |                  |
| Office Add.                                | CSG Building, No.1, the 6 <sup>th</sup> Industrial Road, Shekou, Shenzhen, P. R.C. |                        |                  |
| Post Code                                  | 518067   |                        |                  |
| Internet website                           | <a href="http://www.csgholding.com">www.csgholding.com</a>                         |                        |                  |
| E-mail                                     | <a href="mailto:securities@csgholding.com">securities@csgholding.com</a>           |                        |                  |

### II. Person/Way to contact

|               | Secretary of the Board   | Representative of security affairs                                       |
|---------------|--|--|
| Name          | Zhou Hong  | Ma Limei   |
| Contacts add. | 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   |
| Fax.          | (86)755-26860685   | (86)755-26860685   |
| E-mail        | <a href="mailto:securities@csgholding.com">securities@csgholding.com</a> | <a href="mailto:securities@csgholding.com">securities@csgholding.com</a> |

### III. Information disclosure and preparation place

|   |   |
|---|---|
| Newspapers for information disclosure                 | Securities Times, China Securities Journal and Hong Kong Commercial Daily |
| Website assigned by CSRC to release the annual report | <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>                  |
| The place for preparation of the annual report        | Department of Securities Affairs  |

### IV. Registration changes of the Company

|   |  |
|---|--|
| Organization code   | Unified social credit code: 914403006188385775 |
| Changes of main business since listing (if applicable)        | No changes                                     |
| Previous changes for controlling shareholders (if applicable) | No changes                                     |

## V. Other relevant information

CPA firm engaged by the Company

|                           |  |
|---------------------------|--|
| Name of CPA firm          | PricewaterhouseCoopers Zhong Tian LLP                                  |
| Offices add. for CPA firm | 11/F, PricewaterhouseCoopers Center., 202 Hubin Road. Shanghai, P.R.C. |
| Signing Accountants       | Yao Wenping, Liu Jingping  |

Sponsor institute engaged by the Company for performing continuous supervision duties in the report period

☐ Applicable    ☒ Not applicable

Financial consultant engaged by the Company for performing continuous supervision duties in the report period

☐ Applicable    ☒ Not applicable

## VI. 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

|  | 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      |

## VII. Difference between accounting data under domestic and overseas accounting standards

### 1. Differences of the net profit and net assets disclosed in financial report prepared under international and Chinese accounting standards

☐ Applicable    ☒ Not applicable

No such differences in the report period.

## 2. Difference of the net profit and net assets disclosed in financial report prepared under overseas and Chinese accounting standards

☐ Applicable ☒ Not applicable

No such differences in the report period.

## VIII. 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

## IX. Items and amounts of extraordinary gains/losses

☒ Applicable ☐ Not applicable

Unit: RMB

| Item  | 2015        | 2014        | 2013         | Note |
|---|-------------|-------------|--------------|------|
| Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)   | 2,441,151   | -17,722,782 | -136,459,236 | --   |
| 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)   | 81,013,548  | 90,223,936  | 115,138,161  | --   |
| Gains on disposal of available-for-sale financial assets, gains and losses from change of fair values of held-for-transaction financial assets and financial liabilities except for the effective hedge business related to normal business of the Company, and investment income from disposal of transactional financial assets and liabilities and financial assets available for sale | 195,859,395 | 7,010,790   | 432,000      | --   |
| Other non-operating income and expenditure except for the aforementioned items  | 33,268,175  | 14,816,694  | 85,892,326   | --   |

|  |             |             |             |    |
|--|-------------|-------------|-------------|----|
| Other gains/losses satisfied definition of extraordinary profit (gains)/loss | 100,146,152 | 389,101,151 | 926,639,137 | -- |
| Less: Impact on income tax   | 86,288,731  | 20,318,806  | 48,004,628  | -- |
| Impact on minority shareholders' equity (post-tax)                           | 1,370,526   | 28,347,800  | 13,674,996  | -- |
| Total  | 325,069,164 | 434,763,183 | 929,962,764 | -- |

Explain reasons for 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*,

√Applicable    ☐ Not applicable

| Item  | Amount involved (RMB) | Reason   |
|---|-----------------------|--|
| Other gains/losses satisfied definition of extraordinary gains and losses | 100,146,152           | Mainly because investment income of RMB 100,079,340 was confirmed for sales of 73.58% equity of Yichang CSG Photoelectric Glass Co., Ltd., and RMB 66,812 for sales of 51% equity of CSG (Australia) Co., Ltd. |



## Section III Overview of the Company's Business

### I. Main business of the Company 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 field 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.

## II. Major changes in main assets

### 1. Details of major changes in main assets

| Main assets              | Note of major changes  |
|--------------------------|--|
| Equity assets            | No major changes.  |
| Fixed assets             | No major changes.  |
| Intangible assets        | No major changes.  |
| Construction in progress | Construction in progress of the Company decreased 30.77%, which mainly because construction in progress was transferred to fixed assets. |

### 2. Main overseas assets

☐ Applicable    ☒ Not applicable

## III. Core Competitiveness Analysis

① The Company currently has created complete industrial chains in the industries it involved, which has complementary advantage. In glass industry, the Company has built the industry chain as quartz sand → high quality float glass → architectural energy-saving glass. In the solar energy industry, the Company has finished the comprehensive construction of industry chain from high purity polycrystalline silicon materials, silicon wafer processing to cell and its module, photovoltaic rolled glass, etc. and extended to terminal application of PV power plant. With the improvement of technology in the chains, the industrial advantages emerged.

② The Company possesses a complete industry layout. At present, the Company has established large production bases in China located in North, East, West, South and Central region, which help the Company be better close to the market and serve the market.

③ The Company has capability of technology innovation and product innovation. It owns independent intellectual property rights of high-end float glass production process. The technology level of ultra-thin electronic glass is in the leading position in China. The Company also keeps its R&D and production of energy-saving glass in line with the world's advanced level, and its technique and technology in the field of solar energy keep leading position in domestic market.

④ The Company possesses high anti-risk capability. It has a perfect internal control system with sound performance carried out. Meanwhile, the management and control ability of account receivable and inventory stand in a high level within the industry.

⑤ CSG's core competitiveness also comes from the aggressive, innovative, professional, experienced management team and technical backbone team. Based on the perfect corporate governance structure, standardized management system and business philosophy of high-end product line and quality consciousness, the Company constantly formulates mechanism and strictly controls the operating risk, laying a solid foundation for company's rapid sustainable development.

During the report period, the Company's core competitiveness remained strong.

## Section IV Discussion and Analysis by the Management

### 1. Introduction

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%.

## II. Main business analysis

### 1. Overview

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                                     |

Review on the previous development strategy and business plan and its progress during the report period

During the report period, the Company launched the development strategy and business plan smoothly:

1. As all industries of the Company were facing severe overcapacity, how to vitalize the assets and seek a breakthrough by innovation in the existing industries was the key for the Company to break out in the adversity. Flat glass division made use of the technical advantage accumulated in the production of float glass and fine glass and took ultra-thin electronic glass as a breakthrough in the traditional industry. At present, the Company has built three ultra-thin glass production lines, of which, the ultra-thin glass production line of Hebei Panel Glass created profits of nearly RMB 30 million for the Company in 2015. Although the decline was relatively large because of the increasing market competition, ultra-thin electronic glass could still be regarded as a highlight in the situation that the flat glass industry was generally in loss. Yichang PV production line successfully produced ultra-thin glass with thickness of 0.55mm, 0.4mm, 0.33mm, and 0.20mm. Qingyuan high-alumina glass production line was being debugged. With the commissioning of this project, the Company will also become the supplier with the most abundant ultra-thin electronic glass product lines in the ultra-thin glass field and the production of ultra-thin glass will promote the Company's innovation in traditional industry to a new height. The division actively optimized the product structure of solar glass, increased the proportion of coating products, the output of which accounted for more than 60% of total output, rose by 46% on a year-on-year basis, and the profitability of solar glass was improved effectively. In face of the unfavorable market environment, architectural glass division continued to introduce differentiated new products and actively promote. In 2015, the output of triple silver insulating glass products increased by 21% on a year-on-year basis, and the output of ultra-clear double silver products increased by 13.32% on a year-on-year basis. The differentiated products with continuous innovation enhanced the anti-risk capability of architectural glass division. The solar industry coped with the trough of industry with technological innovation. R&D and production of efficient silicon wafer took the leading position in domestic market. The stable photoelectric conversion efficiency of cells made by N series efficient silicon wafer was around 17.85% which were adequately approved by the market. Polysilicon technological transformation project was completed and

put into operation, and the production cost dropped dramatically. Relying on independent innovation, the Company's solar industry gained new vitality.

2. Because of the increasingly complex economic and market environment, the Company paid more attention to control the pace of investment and avoid market risks. In 2015, Yichang ultra-thin electric glass projects officially entered into commercial production, and Qingyuan high-performance ultra-thin glass project also entered into trial operation. Along with the successive completion and commissioning of these projects, the Company's strategy of seeking for breakthrough and development for the traditional field through industry upgrading was emerging. In order to take full advantage of the Company's solar energy industry to boost the healthy development of solar energy industry, the Company established Shenzhen CSG PV Energy Co., Ltd. in 2015 which extended CSG PV industry to high value-added field of terminal utilization, further improved the industry chain of the Company's solar business, and created new revenue and profit growth for the Company. The constant improvement of industrial distribution and the completion of industrial upgrading laid a solid foundation for the future development of all industries of the Company. In 2015, the Company launched a private placement program which planned to raise funds through capital market so as to promote the upgrading and development of its existing industries. The raised funds will be invested in high-alumina ultra-thin glass project and electronic grade polycrystalline silicon project.

3. The Company constantly took the route of differential operation and industry upgrading relying on R&D and technological innovation. Therefore, it founded Development Research Institute to coordinate its development of the divisions and continued to strengthen R&D system and establishment of R&D ability. According to incomplete statistics, sales revenue of new products in 2015 accounted for 16% of total sales revenue. The Company totally submitted 107 patent applications, of which 56 applications were invention patents, accounting for 52.3% of total applications in 2015. At present, the Company has totally submitted 619 patent applications, and has obtained 315 patents. The Group totally has 85 invention patents, accounting for 26.98% of the patents.

4. Confronted with the tough economic environment and market conditions, the Company used lean management as an important means to keep its profitability. The Company continued to improve capacity utilization rate and fully tap the potential of energy saving and cost reducing in the process of production so as to effectively control the cost. At the same time, the Company has done a lot for energy integrated management. In 2015, waste heat power generation of the Company amounted to approximately 160 million kwh with a year-on-year growth of 6.89%, and PV power generation amounted to approximately 61 million kwh with a year-on-year growth of 43.5%, reducing cost of electricity of RMB 170 million in total.

5. Under the complex and changeable market environment, financial risk prevention is particularly important. In order to avoid financial risks effectively, the Company continued to enhance working capital management, improving the utilization efficiency of funds through reducing occupation of funds. With the joint efforts from subsidiaries, the Company's accounts receivable turnover period was 19 days, and inventory turnover period was 23 days which represented a relatively satisfying performance among the whole industry despite of the extremely severe operation condition. In 2015, the Company founded a company named "Shenzhen CSG Financial Leasing Co., Ltd.", to carry out financial leasing business by taking full advantage of the geographic location superiority of Shenzhen Qianhai Free Trade Zone and its strong support for financial innovation service. This kind of business not only reduced the Company's financing cost, but also made new profitable opportunities for the Company.

6. In view of the complexity of external economic environment, in 2015, the Company further strengthened internal control and internal audit. Based on the detailed analysis on various risk factors faced by the Company in production and operation, the internal control department of the Company further improved and optimized the internal control system, intensified the risk management, promoted the management efficiency, strengthened the process management of various production and management, and increased the frequency, strength and depth of internal control evaluation. The Company's internal audit department not only continued to strengthen the audit to day-to-day operations of the subsidiary companies but also intensified audit and investigation on contract execution and customer satisfaction, so as to prevent various kinds of operation risks effectively.

## 2. Revenue and cost

### (1) Constituent of operation revenue

Unit: RMB

|  | 2015          |                            | 2014          |                            | Increase/decrease y-o-y |
|--|---------------|----------------------------|---------------|----------------------------|-------------------------|
|  | Amount        | Ratio in operation revenue | Amount        | Ratio in operation revenue |                         |
| total of operating income                | 7,430,889,111 | 100%                       | 7,044,502,645 | 100%                       | 5.48%                   |
| According to industries                  |               |                            |               |                            |                         |
| Flat glass                               | 3,631,946,788 | 48.88%                     | 3,669,132,789 | 52.09%                     | -1.01%                  |
| Architectural glass                      | 2,957,350,171 | 39.80%                     | 3,053,756,832 | 43.35%                     | -3.16%                  |
| Solar energy                             | 1,584,478,216 | 21.32%                     | 1,102,946,705 | 15.66%                     | 43.66%                  |
| Amount of unutilized                     | -742,886,064  | -10.00%                    | -781,333,681  | -11.10%                    | -4.92%                  |
| According to products                    |               |                            |               |                            |                         |
| Flat glass                               | 3,631,946,788 | 48.88%                     | 3,669,132,789 | 52.09%                     | -1.01%                  |
| Architectural glass                      | 2,957,350,171 | 39.80%                     | 3,053,756,832 | 43.35%                     | -3.16%                  |
| Solar energy                             | 1,584,478,216 | 21.32%                     | 1,102,946,705 | 15.66%                     | 43.66%                  |
| Amount of unutilized                     | -742,886,064  | -10.00%                    | -781,333,681  | -11.10%                    | -4.92%                  |
| According to region                      |               |                            |               |                            |                         |
| Mainland China                           | 6,782,706,262 | 91.28%                     | 6,404,516,048 | 90.92%                     | 5.91%                   |
| H.K. China                               | 33,763,014    | 0.45%                      | 33,952,873    | 0.48%                      | -0.56%                  |
| Europe                                   | 77,847,670    | 1.05%                      | 132,787,154   | 1.88%                      | -41.37%                 |
| Asia (excluding Mainland China and H.K.) | 440,216,997   | 5.92%                      | 304,252,167   | 4.32%                      | 44.69%                  |
| Australia                                | 53,640,585    | 0.72%                      | 85,052,465    | 1.21%                      | -36.93%                 |
| North America                            | 34,437,909    | 0.46%                      | 81,199,816    | 1.15%                      | -57.59%                 |
| Other region                             | 8,276,674     | 0.12%                      | 2,742,122     | 0.04%                      | 201.83%                 |

### (2) List of the industries, products or regions exceed 10% of the operating income or operating profits of the Company

√Applicable    □ Not applicable

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 |
|-------------------------|-------------------|----------------|--------------------|--|---|---|
| According to industries |                   |                |                    |  |   |   |

|                       |               |               |        |        |        |        |
|-----------------------|---------------|---------------|--------|--------|--------|--------|
| Flat glass            | 3,631,946,788 | 3,150,204,145 | 13.26% | -1.01% | 0.96%  | -1.69% |
| Architectural glass   | 2,957,350,171 | 2,084,007,187 | 29.53% | -3.16% | 0.07%  | -2.27% |
| Solar energy          | 1,584,478,216 | 1,333,373,984 | 15.85% | 43.66% | 47.46% | -2.17% |
| Amount of unutilized  | -742,886,064  | -742,792,686  | --     | --     | --     | --     |
| According to products |               |               |        |        |        |        |
| Flat glass            | 3,631,946,788 | 3,150,204,145 | 13.26% | -1.01% | 0.96%  | -1.69% |
| Architectural glass   | 2,957,350,171 | 2,084,007,187 | 29.53% | -3.16% | 0.07%  | -2.27% |
| Solar energy          | 1,584,478,216 | 1,333,373,984 | 15.85% | 43.66% | 47.46% | -2.17% |
| Amount of unutilized  | -742,886,064  | -742,792,686  | --     | --     | --     | --     |
| According to region   |               |               |        |        |        |        |
| Mainland China        | 6,782,706,262 | 5,327,667,254 | 21.45% | 5.91%  | 9.80%  | -2.79% |

Under the circumstances that the statistical standards for the Company's main business data adjusted in the report period, the Company's main business data in the recent year is calculated based on adjusted statistical standards at the end of the report period

☐ Applicable    ☒ Not applicable

### (3) Whether the Company's goods selling revenue higher than the service revenue

Whether the Company's goods selling revenue higher than the service revenue

☒ Yes    ☐ No

Unit: RMB

| Industries          | Item         | 2015          | 2014          | Increase/decrease y-o-y (%) |
|---------------------|--------------|---------------|---------------|-----------------------------|
| Flat glass          | Sales volume | 3,585,022,000 | 3,618,711,310 | -0.93%                      |
|                     | Output       | 3,092,986,887 | 3,097,562,963 | -0.15%                      |
|                     | Stock        | 63,404,724    | 95,196,551    | -33.40%                     |
| Architectural glass | Sales volume | 2,923,961,268 | 3,028,041,544 | -3.44%                      |
|                     | Output       | 2,042,473,768 | 2,052,558,769 | -0.49%                      |
|                     | Stock        | 39,698,597    | 52,710,420    | -24.69%                     |
| Solar energy        | Sales volume | 1,539,398,724 | 1,087,053,989 | 41.61%                      |
|                     | Output       | 1,345,546,767 | 899,703,806   | 49.55%                      |
|                     | Stock        | 66,747,139    | 18,469,741    | 261.39%                     |

Reasons for y-o-y relevant data with over 30% changes

☒ Applicable    ☐ Not applicable

In the report period, all the output, sales volume, and stock of solar energy industry increased because Yichang Polysilicon began normal operation and the output and sales volume of silicon wafer creased.



**(4) Fulfillment of significant sales contracts signed by the Company up to the report period**

□ Applicable    ✓ Not applicable

**(5) Constitute of operation cost**

Industry classification

Unit: RMB

| Industry               | Item         | 2015          |                            | 2014          |                            | Increase/decrease<br>y-o-y |
|------------------------|--------------|---------------|----------------------------|---------------|----------------------------|----------------------------|
|                        |              | Amount        | Ratio in operation<br>cost | Amount        | Ratio in operation<br>cost |                            |
| Flat glass             | Raw material | 1,164,260,011 | 37.26%                     | 1,150,497,379 | 37.20%                     | 1.20%                      |
|                        | Labor wages  | 190,227,889   | 6.09%                      | 160,023,845   | 5.17%                      | 18.87%                     |
|                        | Depreciation | 328,038,344   | 10.50%                     | 312,546,188   | 10.11%                     | 4.96%                      |
|                        | Energy       | 1,345,209,260 | 43.05%                     | 1,342,693,325 | 43.42%                     | 0.19%                      |
|                        | Other        | 97,043,210    | 3.11%                      | 126,859,577   | 4.10%                      | -23.50%                    |
| Architectural<br>glass | Raw material | 1,358,759,944 | 66.10%                     | 1,358,376,961 | 65.95%                     | 0.03%                      |
|                        | Labor wages  | 248,355,111   | 12.08%                     | 234,838,620   | 11.40%                     | 5.76%                      |
|                        | Depreciation | 200,592,752   | 9.76%                      | 190,722,576   | 9.26%                      | 5.18%                      |
|                        | Energy       | 184,309,591   | 8.97%                      | 186,885,094   | 9.07%                      | -1.38%                     |
|                        | Other        | 63,468,194    | 3.09%                      | 88,917,528    | 4.32%                      | -28.62%                    |
| Solar energy           | Raw material | 605,417,195   | 46.67%                     | 414,819,155   | 46.56%                     | 45.95%                     |
|                        | Labor wages  | 135,524,377   | 10.45%                     | 69,420,188    | 7.79%                      | 95.22%                     |
|                        | Depreciation | 186,248,221   | 14.36%                     | 116,261,630   | 13.05%                     | 60.20%                     |
|                        | Energy       | 330,547,579   | 25.48%                     | 266,292,039   | 29.89%                     | 24.13%                     |
|                        | Other        | 39,531,997    | 3.05%                      | 24,102,063    | 2.71%                      | 64.02%                     |

Product classification

Unit: RMB

| Product    | Item         | 2015          |                            | 2014          |                            | Increase/decrease<br>y-o-y |
|------------|--------------|---------------|----------------------------|---------------|----------------------------|----------------------------|
|            |              | Amount        | Ratio in operation<br>cost | Amount        | Ratio in operation<br>cost |                            |
| Flat glass | Raw material | 1,164,260,011 | 37.26%                     | 1,150,497,379 | 37.20%                     | 1.20%                      |
|            | Labor wages  | 190,227,889   | 6.09%                      | 160,023,845   | 5.17%                      | 18.87%                     |
|            | Depreciation | 328,038,344   | 10.50%                     | 312,546,188   | 10.11%                     | 4.96%                      |
|            | Energy       | 1,345,209,260 | 43.05%                     | 1,342,693,325 | 43.42%                     | 0.19%                      |
|            | Other        | 97,043,210    | 3.11%                      | 126,859,577   | 4.10%                      | -23.50%                    |

|                     |              |               |        |               |        |         |
|---------------------|--------------|---------------|--------|---------------|--------|---------|
| Architectural glass | Raw material | 1,358,759,944 | 66.10% | 1,358,376,961 | 65.95% | 0.03%   |
|                     | Labor wages  | 248,355,111   | 12.08% | 234,838,620   | 11.40% | 5.76%   |
|                     | Depreciation | 200,592,752   | 9.76%  | 190,722,576   | 9.26%  | 5.18%   |
|                     | Energy       | 184,309,591   | 8.97%  | 186,885,094   | 9.07%  | -1.38%  |
|                     | Other        | 63,468,194    | 3.09%  | 88,917,528    | 4.32%  | -28.62% |
| Solar energy        | Raw material | 605,417,195   | 46.67% | 414,819,155   | 46.56% | 45.95%  |
|                     | Labor wages  | 135,524,377   | 10.45% | 69,420,188    | 7.79%  | 95.22%  |
|                     | Depreciation | 186,248,221   | 14.36% | 116,261,630   | 13.05% | 60.20%  |
|                     | Energy       | 330,547,579   | 25.48% | 266,292,039   | 29.89% | 24.13%  |
|                     | Other        | 39,531,997    | 3.05%  | 24,102,063    | 2.71%  | 64.02%  |

Note

Nil

#### (6) Whether the consolidated scope changed during the report period

☒ Yes   ☐ No

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.

Details can be found in the ninth section of financial statements, note eight “change of the scope of the consolidation” of the consolidated financial statement.

#### (7) Major changes or adjustment in business, product or service of the Company in the report period

☐ Applicable   ☒ Not applicable

#### (8) Major customers and major suppliers

Major customers of the Company

|  |               |
|--|---------------|
| Total sales to the top five customers (RMB)                    | 1,241,648,415 |
| Proportion in total annual sales volume for top five customers | 16.70%        |

Information of the top 5 customers of the Company

| Serial | Name       | Sales (RMB) | Proportion in total annual sales |
|--------|------------|-------------|----------------------------------|
| 1      | Customer A | 286,197,313 | 3.85%                            |
| 2      | Customer B | 263,337,819 | 3.54%                            |
| 3      | Customer C | 251,500,647 | 3.38%                            |
| 4      | Customer D | 231,326,423 | 3.11%                            |

|       |            |               |        |
|-------|------------|---------------|--------|
| 5     | Customer E | 209,286,213   | 2.82%  |
| Total | --         | 1,241,648,415 | 16.70% |

Other statement of main customers

☐ Applicable    ☒ Not applicable

Major suppliers of the Company

|   |               |
|---|---------------|
| Total purchase amount from the top five suppliers (RMB)           | 1,054,054,097 |
| Proportion in total annual purchase amount for top five suppliers | 21.67%        |

Information of the top 5 suppliers of the Company

| Serial | Name       | Sales (RMB)   | Proportion in total annual purchase |
|--------|------------|---------------|-------------------------------------|
| 1      | Supplier A | 331,278,987   | 6.81%                               |
| 2      | Supplier B | 240,238,293   | 4.94%                               |
| 3      | Supplier C | 206,943,692   | 4.25%                               |
| 4      | Supplier D | 153,177,601   | 3.15%                               |
| 5      | Supplier E | 122,415,524   | 2.52%                               |
| Total  | --         | 1,054,054,097 | 21.67%                              |

Other statement of main suppliers

☐ Applicable    ☒ Not applicable

### 3. Expenses

Unit: RMB

|                    | 2015        | 2014        | Increase/decrease y-o-y | Note of major changes |
|--------------------|-------------|-------------|-------------------------|-----------------------|
| Sales expense      | 283,369,323 | 265,720,355 | 6.64%                   | --                    |
| Management expense | 672,697,939 | 597,772,089 | 12.53%                  | --                    |
| Financial expense  | 278,687,176 | 231,531,434 | 20.37%                  | --                    |

### 4. R&D expenses

☒ Applicable    ☐ Not applicable

The Company always emphasizes research and development of new products, new technology and new craft, and R & D aims to close to the market, production and industry.

R&D investment of the Company

|   | 2015        | 2014        | Ratio of change |
|---|-------------|-------------|-----------------|
| Number of R & D personnel (person)                  | 162         | 160         | 1.25%           |
| Ratio of number of R&D personnel                    | 1.54%       | 1.53%       | 0.01%           |
| Amount of R & D investment (RMB)                    | 239,933,028 | 208,137,482 | 15.28%          |
| Ratio of the R&D investment to the operating income | 3.23%       | 2.95%       | 0.28%           |

|   |   |            |        |
|---|---|------------|--------|
| Amount of the capitalized R&D investment (RMB)                | 0 | 17,368,060 | -100%  |
| Ratio of the capitalized R&D investment to the R&D investment | 0 | 8.34%      | -8.34% |

Reason of remarkable changes over the last year of the ratio of the total R&D investment amount to the operating income

☐ Applicable    ☒ Not applicable

Reason of substantial change of the ratio of the R&D investment capitalization and its reasonable explanation

☐ Applicable    ☒ Not applicable

## 5. Cash flow

Unit: RMB

| Item   | 2015          | 2014          | Increase/decrease y-o-y |
|--|---------------|---------------|-------------------------|
| Subtotal of cash in-flow from operation activity   | 8,317,704,132 | 8,272,984,129 | 0.54%                   |
| Subtotal of cash out-flow from operation activity  | 7,224,871,635 | 6,866,724,919 | 5.22%                   |
| Net cash flow from operation activity              | 1,092,832,497 | 1,406,259,210 | -22.29%                 |
| Subtotal of cash in-flow from investment activity  | 850,143,142   | 1,073,874,633 | -20.83%                 |
| Subtotal of cash out-flow from investment activity | 1,428,361,755 | 1,973,475,822 | -27.62%                 |
| Net cash flow from investment activity             | -578,218,613  | -899,601,189  | -35.73%                 |
| Subtotal of cash in-flow from financing activity   | 6,989,696,220 | 5,040,721,840 | 38.66%                  |
| Subtotal of cash out-flow from financing activity  | 7,089,779,706 | 5,667,006,268 | 25.11%                  |
| Net cash flow from financing activity              | -100,083,486  | -626,284,428  | -84.02%                 |
| Net increased amount of cash and cash equivalent   | 417,906,617   | -119,612,608  | -449.38%                |

Main reasons for y-o-y major changes in aspect of relevant data

☒ Applicable    ☐ Not applicable

The increase of cash in-flow from financing activity mainly because cash received from borrowing increased.

Net amount of cash and cash equivalent increased mainly because monetary fund increased.

Notes to the reason of the significant differences between the net cash flow from the operating activities and the net profits of 2015 of the Company during the reporting period

☒ Applicable    ☐ Not applicable

Adjustment for the difference between net profit and amount of cash flow from operation activity for the year as follows:

Unit: RMB

|   |             |
|---|-------------|
| Net profit                                  | 639,832,667 |
| Add: Assets impairment provision            | 3,893,714   |
| Depreciation of fixed assets                | 785,225,700 |
| Amortization of intangible assets           | 31,956,839  |
| Safe production expenses                    | 5,382,232   |
| Amortization of long-term deferred expenses | 1,063,959   |

|  |               |
|--|---------------|
| Net loss on disposal of fixed assets and intangible assets | -2,441,151    |
| Financial expenses   | 260,864,012   |
| Investment income  | -288,044,816  |
| Decrease of deferred income tax asset                      | -6,554,322    |
| Decrease of deferred income tax liability                  | -32,497,760   |
| Decrease of inventory                                      | 41,039,632    |
| Increase of operating receivable accounts                  | -470,348,827  |
| Increase of operating receivable accounts                  | 123,460,618   |
| Net cash flow arising from operating activities            | 1,092,832,497 |

### III. Analysis of the non-core business

√Applicable    □ Not applicable

Unit: RMB

|                       | Amount      | Ratio in total profit | Note for the reason  | Sustainable or not |
|-----------------------|-------------|-----------------------|--|--------------------|
| Investment income     | 288,044,816 | 39.26%                | Mainly due to selling stocks of Golden Glass and equity of Yichang CSG Photoelectric Glass | No                 |
| Changes in fair value | --          | --                    |  |                    |
| Asset impairment      | 3,893,714   | 0.53%                 | Mainly due to accounts receivable and other accounts receivable reserved for bad debts     | No                 |
| Non-operating income  | 117,587,381 | 16.03%                | Mainly due to government subsidy income  | No                 |
| Non-operating expense | 864,507     | 0.12%                 | Mainly due to disposal of non current assets   | No                 |

### IV. Assets and liabilities

#### 1. Major changes of assets composition

Unit: RMB

|                     | As at 31 Dec. 2015 |                            | As at 31 Dec. 2014 |                            | Change of proportion | Notes of major changes  |
|---------------------|--------------------|----------------------------|--------------------|----------------------------|----------------------|---|
|                     | Amount             | Proportion in total assets | Amount             | Proportion in total assets |                      |   |
| Monetary fund       | 578,834,520        | 3.74%                      | 158,139,050        | 1.05%                      | 2.69%                | Mainly because cash received from selling stocks of Golden Glass increased. |
| Accounts receivable | 452,961,612        | 2.92%                      | 318,274,574        | 2.11%                      | 0.81%                | Mainly because Wujiang CSG glass project was transferred to commercial      |

|                             |                |        |               |        |        |   |
|-----------------------------|----------------|--------|---------------|--------|--------|---|
|                             |                |        |               |        |        | operation and accounts receivable of architectural glass industry increased.                                |
| Inventory                   | 350,425,732    | 2.26%  | 390,652,618   | 2.58%  | -0.32% | --  |
| Long-term equity investment | 668,210,253    | 4.31%  | 751,623,543   | 4.97%  | -0.66% | --  |
| Fix assets                  | 10,199,674,929 | 65.85% | 9,851,117,915 | 65.17% | 0.68%  | --  |
| Construction in process     | 1,339,340,780  | 8.65%  | 1,934,595,736 | 12.80% | -4.15% | Mainly because construction in progress in some subsidiaries was completed and transferred to fixed assets. |
| Short-term loans            | 3,216,326,670  | 20.76% | 1,957,123,175 | 12.95% | 7.81%  | Mainly because issuance of short-term financing bonds and ultra-short -term financing bonds increased       |
| Long-term loans             | 1,200,000,000  | 7.75%  | 383,817,820   | 2.54%  | 5.21%  | Mainly because issuance of medium-term notes increased.   |

## 2. Assets and liabilities measured at fair value

√Applicable    □ Not applicable

Unit: RMB

| Item                                | Amount at period-begin | Gains/losses from changes of fair value | Accumulative changes of fair value reckoned into equity | Impairment accrual | Purchased amount | Amount on sale | Amount at period-end |
|-------------------------------------|------------------------|---|---|--------------------|------------------|----------------|----------------------|
| Financial assets                    |                        |   |   |                    |                  |                |                      |
| Financial assets available for sale | 145,568,100            |   | 216,926,726   |                    |                  | 362,494,826    | 0                    |
| Subtotal of financial assets        | 145,568,100            |   | 216,926,726   |                    |                  | 362,494,826    | 0                    |
| Total                               | 145,568,100            |   | 216,926,726   |                    |                  | 362,494,826    | 0                    |

## V. Investment

### 1. Overall situation

√Applicable    □ Not applicable

| Investment in the report period (RMB) | Investment in the same period of last year ( RMB) | Changes |
|---------------------------------------|---|---------|
| 1,428,361,755                         | 1,973,475,822                                     | -27.62% |

## 2. The major equity investment obtained in the report period

√Applicable    □ Not applicable

Unit: RMB

| Name                                       | Main business   | Way of invest   | Invest amount | Ratio of shareholding | Source of funds | Partner | Term of investment | Type of product | Progress up to the balance sheet date   | Expected return | Current investment profit and loss | Whether litigation | Date of disclosure (if applicable) | Index of disclosure (if applicable) |
|--|---|-----------------|---------------|-----------------------|-----------------|---------|--------------------|-----------------|---|-----------------|------------------------------------|--------------------|------------------------------------|-------------------------------------|
| Shenzhen CSG Financial Leasing Co., Ltd.   | Financial, leasing and other business   | New-established | 300,000,000   | 100%                  | Own funds       | N/A     | Long-term          | Not applicable  | The industrial and commercial registration had been completed and the registered capital of RMB 60 million had been paid. | Not applicable  | 197,443                            | No                 | --                                 | --                                  |
| Shenzhen CSG Photovoltaic Energy Co., Ltd. | Investment in development of solar photovoltaic power plants and other business | New-established | 100,000,000   | 100%                  | Own funds       | N/A     | Long-term          | Not applicable  | The industrial and commercial registration had been completed and total registered capital had been paid.                 | Not applicable  | -506,092                           | No                 | 2015-9-29                          | 2015-052                            |
| Total                                      | --  | --              | 400,000,000   | --                    | --              | --      | --                 | --              | --  | --              | -308,649                           | --                 | --                                 | --                                  |

### 3. The major ongoing non-equity investment in the report period

√Applicable    □ Not applicable

Unit: RMB'0,000

| Project  | Way of investment | As fixed asset investment or not | Industry involved      | Amount invested in the report period | Accumulative amount actually invested by the end of the report period | Source of fund                                       | Progress of project (ongoing projects)  | Expected return | Accumulative revenue achieved by the end of the report period | reasons for not achieving the planned progress and the expected return   |
|--|-------------------|----------------------------------|------------------------|--------------------------------------|---|--|---|-----------------|---|--|
| Expansion on energy-saving glass capacity of Chengdu project | self-built        | Yes                              | Manufacturing industry | 2,425                                | 20,541  | Own funds  | Planning to build a wide flat coated glass production line. When the project is completed, the annual deep-processing capacity of the wide flat coated products will reach 3 million square meters. The project was completed and put into operation in Dec. 2015.  | 1,080           | 0   | There was no profit from the project in the report period.   |
| Yichang CSG ultra-thin electronic glass project              | self-built        | Yes                              | Manufacturing industry | 309                                  | 33,426  | Own funds and borrowings from financial institutions | Planning to build an ultra-thin electronic glass production line with capacity of 200T/D, the production line uses natural gas as fuel and adopts float process to produce 0.2~1.1mm ultra-thin glass. The annual productivity of the line expected to be 15,000 tons of ultra-thin electronic glass. The project was put into commercial production in March 2015. | 2,651           | 1,532   | The equity of Yichang CSG Photoelectric Glass Co., Ltd. which invested this project had been transferred to the joint -stock company of CSG, Shenzhen CSG Display Technology Co., Ltd. |
| Qingyuan high-performa                                       | self-built        | Yes                              | Manufacturing industry | 18,475                               | 51,394  | Planning to use the raised                           | Planning to build a high-performance ultra-thin electronic glass production line with monthly capacity  | 34,197          | 0   | The project hasn't been formally put into  |



|  |            |     |                        |        |        |  |   |       |       |  |
|--|------------|-----|------------------------|--------|--------|--|---|-------|-------|--|
| nce ultra-thin electronic glass project                |            |     |                        |        |        | funds from non-public offering of A-Share            | of approximately one million square meters in Qingyuan, which adopts CSG's unique technology to produce 0.55mm~1.1mm high performance ultra-thin electronic glass. The project ignited in Feb. 2015, and entered into trial operation.  |       |       | operation yet. There was no profit from the project in the report period.  |
| Dongguan CSG solar on-line coated project              | self-built | Yes | Manufacturing industry | 10,553 | 25,691 | Own funds and borrowings from financial institutions | Planning to establish an on-line coated production line in green energy industrial park of Dongguan CSG, achieving resource sharing through making use of production line processing facilities of Shenzhen CSG Float and invigorating idle assets such as plant of Dongguan solar energy rolled glass project and its public facilities. The Company planned to invest approximately RMB 390 million, including RMB 252 million newly increased. The project entered commercial production in August 2015. | 2,000 | -313  | The project entered the commercial production in August 2015, while the project was failing to perform as expected affected by the loss of float industry. |
| Yichang CSG 700MW silicon wafers project               | self-built | Yes | Manufacturing industry | 20,395 | 54,180 | Own funds and borrowings from financial institutions | Planning to establish the silicon productivity expansion project in Yichang CSG, 300MW project has been completed and put into commercial production by the end of 2014. The installation and debugging of major equipment of the project of 400MW was completed in December 2015.  | 8,917 | 2,917 | Part of the project was completed and the installation and debugging of major equipment of the project of 400MW was completed                              |
| Hebei Panel Glass project of medium-alumina ultra-thin | self-built | Yes | Manufacturing industry | 353    | 353    | Own funds  | Planning to established a production line for medium-alumina ultra-thin electronic glass in Hebei Panel Glass, using clean natural gas as the fuel, and produce 0.33mm~1.1mm medium-alumina ultra-thin glass with float process. The project was still in preparation.  | 3,082 | 0     | The project was still in preparation in the report period.   |

| electronic glass  |                   |                                  |                        |                                      |   |  |   |                 |   |   |
|---|-------------------|----------------------------------|------------------------|--------------------------------------|---|--|---|-----------------|---|---|
| Yichang CSG upgrading & expansion project of electronic grade polysilicon | self-built        | Yes                              | Manufacturing industry | 0                                    | 0   | Planning to use the raised funds from non-public offering of A-Share | Planning to add a new cold-hydrogenation line in Yichang CSG, which can produce electronic grade polysilicon on basis of the solar grade polysilicon device, and meanwhile add correspondent systems of reduction, rectification, recycle and utilities, so as to boost the actual capacity of polysilicon up to 12,000 tons/year(including 2,500 tons/year for electronic grade polysilicon)   | 22,481          | 0   | The project was still in preparation in the report period.  |
| Total   | --                | --                               | --                     | 52,510                               | 185,585   | --   | --  | 74,408          | 4,136   | --  |
| Project   | Way of investment | As fixed asset investment or not | Industry involved      | Amount invested in the report period | Accumulative amount actually invested by the end of the report period | Source of fund   | Progress of project (suspended projects )   | Expected return | Accumulative revenue achieved by the end of the report period | reasons for not achieving the planned progress and the expected return  |
| Expansion on energy-saving glass capacity of Wujiang Project              | self-built        | Yes                              | Manufacturing industry | 0                                    | 21,239  | --   | Planning to increase two coating glass production lines and support insulating glass capacity. When the project is completed, the capacities of wide flat coated glass will add 3 million square meters, and capacity of coated insulating glass will add 1.2 million square meters per year, among which, the wide flat coated glass line of 3 million square meters has been completed, and the others will be invested according to market situations. | --              | --  | In the report period, part of the project has been completed and the revenue was not calculated individually. |
| Yichang CSG 700MW   | self-built        | Yes                              | Manufacturing industry | 0                                    | 0   | --   | Planning to build a crystalline silicon solar cell production line with annual capacity of 700MW. The   | --              | --  | The project was suspended.  |

|  |            |     |                        |               |                |    |  |               |              |                            |
|--|------------|-----|------------------------|---------------|----------------|----|--|---------------|--------------|----------------------------|
| crystalline silicon solar cell project           |            |     |                        |               |                |    | project was suspended and further investment will be based on actual industry situations.  |               |              |                            |
| Expanding 500MW solar module project in Dongguan | self-built | Yes | Manufacturing industry | 0             | 0              | -- | Planning to expand the solar module production line with annual capacity of 500MW. The project was suspended and further investment will be based on actual industry situations. | --            | --           | The project was suspended. |
| Subtotal   | --         | --  | --                     | 0             | 21,239         | -- | --   | --            | --           | --                         |
| <b>Total</b>                                     | --         | --  | --                     | <b>52,510</b> | <b>206,824</b> | -- | --   | <b>74,408</b> | <b>4,136</b> | --                         |

Details of approval and disclosure of the above items as follows:

1. Expansion on energy-saving glass capacity of Chengdu project was deliberated and approved by the 18th meeting of the 5th board of directors on 23 December 2010 and disclosed on 25 December 2010, Notice No.: 2010-046.
2. Yichang CSG ultra-thin electronic glass project was deliberated and approved by extraordinary meeting of the 6<sup>th</sup> board of directors on 14 Dec. 2012.
3. Qingyuan high-performance ultra-thin electronic glass project was deliberated and approved by the 12<sup>th</sup> meeting of the 6<sup>th</sup> board of directors on 2 Aug. 2013 and disclosed on 6 Aug. 2013, Notice No.: 2013-019
4. Dongguan CSG solar on-line coated project was deliberated and approved by extraordinary meeting of the 6<sup>th</sup> board of directors on 24 Jan. 2014.
5. Yichang CSG 700MW silicon wafers project was deliberated and approved by the 18<sup>th</sup> meeting of the 5<sup>th</sup> board of directors on 23 December 2010 and disclosed on 25 December 2010, Notice No.: 2010-046.
6. Hebei Panel Glass project of medium-alumina ultra-thin electronic glass was deliberated and approved by the 4<sup>th</sup> meeting of the 7<sup>th</sup> board of directors on 27 Oct. 2014 and disclosed on 29 Oct. 2014, Notice No.: 2014-030.
7. Yichang CSG upgrading & expansion project of electronic grade polysilicon was deliberated and approved by the 5<sup>th</sup> meeting of the 7<sup>th</sup> board of directors on 27 Mar. 2015 and disclosed on 31 Mar. 2015, Notice No.: 2015-009.
8. Expansion on energy-saving glass capacity of Wujiang Project was deliberated and approved by the 18th meeting of the 5th board of directors on 23 December 2010 and disclosed on 25 December 2010, Notice No.: 2010-046.

#### 4. Financial assets investment

##### (1) Securities investment

√Applicable    □ Not applicable

Unit: RMB

| Variety of securities   | Code of securities | Short form of securities | Initial investment cost | Accounting measurement model | Book value at the beginning of the period | Changes in fair value of the current profit and loss | Cumulative fair value changes in equity | Current purchase amount | Current sales amount | Profit and loss in the report period | Book value at the end of the period | Accounting subject                   | Source of fund |
|---|--------------------|--------------------------|-------------------------|------------------------------|---|--|---|-------------------------|----------------------|--------------------------------------|-------------------------------------|--------------------------------------|----------------|
| Domestic and foreign stocks   | 300093             | Goldern Glass            | 23,000,000              | fair value measurement       | 145,568,100                               | 0  | 216,926,726                             | 0                       | 362,494,826          | 195,859,395                          | 0                                   | Financial assets available for sales | Own funds      |
| Other securities investment held at period-end  |                    |                          | --                      | --                           | --  | --   | --                                      | --                      | --                   | --                                   | --                                  | --                                   | --             |
| Total   |                    |                          | 23,000,000              | --                           | 145,568,100                               | 0  | 216,926,726                             | 0                       | 362,494,826          | 195,859,395                          | 0                                   | --                                   | --             |
| Announcement and disclosure date of approval of board of directors for securities investment  |                    |                          | 19 March 2008           |                              |   |  |   |                         |                      |                                      |                                     |                                      |                |
| Disclosure date of approval of Shareholders Meeting for securities investment (if applicable) |                    |                          | Nil                     |                              |   |  |   |                         |                      |                                      |                                     |                                      |                |

##### (2) Derivative investment

□ Applicable    √ Not applicable

#### 5. Use of raised fund

□ Applicable    √ Not applicable

## VI. Sales of major assets and equity

### 1. Sales of major assets

☐ Applicable    ☒ Not applicable

### 2. Sales of major equity

☒ Applicable    ☐ Not applicable

| Counterparty                                     | Equity for sale  | The date of sale | Transaction price (RMB 0,000) | The net profits contributed to the listed company by the equity from the beginning of current period to the date of sale (RMB 0,000) | The profit and loss generated by sale (RMB 0,000)              | The proportion of the net profits that the equity for sale contributed to the listed company in total profits (%) | Pricing principle of equity for sale                         | Whether it was related transaction or not | The association relationship with the counterpart y | Whether the ownership involved property rights was transferred not | Whether the implementation carried out as planned, if not, explain the reason and the measures taken by the Company | Date of disclosure | Index of disclosure |
|--|--|------------------|-------------------------------|--|--|---|--|---|---|--|---|--------------------|---------------------|
| Shenzhen CSG Display Device Technology Co., Ltd. | 73.58% equity of Yichang CSG Photoelectric Glass Co., Ltd. | 2015-5-8         | 25,753                        | 668.34   | Investment earnings of RMB 100.0793 million had been generated | 15.64%  | Refers to the target company's earnings expectation for 2015 | Yes                                       | Associated enterprise                               | Yes  | Yes   | 2015-5-19          | 2015-030            |

## VII. Analysis of main holding companies and joint -stock company companies

☒ Applicable    ☐ Not applicable

Particular about main subsidiaries and joint -stock companies which have influence on the Company's net profit by over 10%

Unit: RMB

| Name of company                                      | Type       | Main business  | Register capital     | Total assets (RMB) | Net Assets (RMB) | Operating revenue (RMB) | Operating profit (RMB) | Net profit (RMB) |
|--|------------|--|----------------------|--------------------|------------------|-------------------------|------------------------|------------------|
| Chengdu CSG Glass Co., Ltd.                          | Subsidiary | Development, manufacture and sales of various special glass                              | RMB 166.66 million   | 904,417,500        | 266,233,695      | 569,228,629             | -34,591,249            | -26,364,492      |
| Sichuan CSG Energy-saving Glass Co., Ltd             | Subsidiary | Development, manufacture and sales of various special glass and deep processing of glass | RMB 180.00 million   | 611,280,799        | 279,945,011      | 493,953,525             | 70,842,345             | 62,245,349       |
| Tianjin CSG Energy Conservation Glass Co., Ltd       | Subsidiary | Development, producing and sales of energy-saving special glass                          | RMB336 million       | 676,327,576        | 516,761,705      | 567,222,943             | 58,312,346             | 57,443,642       |
| Dongguan CSG Architectural Glass Co., Ltd.           | Subsidiary | Deep processing of glass   | RMB 240 million      | 840,655,222        | 438,561,619      | 848,932,269             | 124,922,564            | 111,138,107      |
| Dongguan CSG Solar Glass Co., Ltd.                   | Subsidiary | Manufacture and sales of Solar-Energy Glass products                                     | RMB 480 million      | 1,263,513,327      | 605,877,947      | 857,006,243             | 71,115,703             | 61,192,450       |
| Yichang CSG Polysilicon Co., Ltd.                    | Subsidiary | Manufacture and sales of high purity silicon material products                           | RMB 1,467.98 million | 3,532,887,657      | 1,053,245,382    | 1,115,325,052           | 57,300,272             | 61,374,530       |
| Wujiang CSG East China Architectural Glass Co., Ltd. | Subsidiary | Deep processing of glass   | RMB 320 million      | 661,236,608        | 483,705,299      | 634,214,675             | 104,043,355            | 88,602,029       |
| Dongguan CSG PV-tech Co., Ltd.                       | Subsidiary | Manufacture and sales of solar cells and modules   | RMB 516 million      | 835,869,976        | 340,006,599      | 640,356,733             | 14,506,112             | 21,216,069       |
| Hebei CSG Glass Co., Ltd.                            | Subsidiary | Manufacture and sales of various special glass   | USD 48.06 million    | 692,291,710        | 360,779,717      | 233,597,040             | -28,245,854            | -17,347,850      |
| Wujiang CSG Glass Co., Ltd.                          | Subsidiary | Manufacture and sales of various special glass   | RMB 565.04 million   | 1,803,591,512      | 676,185,837      | 1,259,887,147           | 28,463,092             | 32,868,939       |
| CSG (Hong Kong) Limited                              | Subsidiary | Investment holding   | HKD 86.44 million    | 1,181,644,237      | 988,348,250      | 0                       | 108,431,736            | 108,353,953      |
| Hebei Panel Glass Co., Ltd.                          | Subsidiary | Manufacture and sales of various   | RMB 243 million      | 341,500,872        | 282,019,540      | 142,598,270             | 34,631,650             | 30,128,917       |

|  |                     |  |                 |               |             |             |             |             |
|--|---------------------|--|-----------------|---------------|-------------|-------------|-------------|-------------|
|  |                     | ultra-thin electronic glass                                    |                 |               |             |             |             |             |
| Xianning CSG Glass Co., Ltd.                             | Subsidiary          | Development and manufacture and sales of various special glass | RMB 235 million | 701,534,880   | 267,547,771 | 640,969,152 | 2,707,091   | 28,800,898  |
| Xianning CSG Energy-saving Glass Co., Ltd                | Subsidiary          | Deep processing of glass                                       | RMB 215 million | 631,954,863   | 287,256,328 | 380,927,776 | 68,676,705  | 64,844,159  |
| Qingyuan CSG Energy Conservation New-materials Co., Ltd. | Subsidiary          | Manufacture and sales of various ultra-thin electronic glass   | RMB 300 million | 737,977,685   | 268,607,257 | 1,156,239   | -16,298,041 | -12,100,926 |
| Jiangyou CSG Mining Development Co., Ltd.                | Subsidiary          | Manufacture and sales of silica sand and co-product            | RMB 100 million | 161,329,671   | 66,730,784  | 57,177,985  | -1,981,532  | -2,955,720  |
| Shenzhen CSG Display Technology Co., Ltd.                | Joint-stock company | Manufacture and sales of display device products               | RMB 143 million | 2,184,505,635 | 686,330,986 | 513,160,856 | -63,481,750 | 5,141,406   |

Particular about subsidiaries obtained or disposed in report period

√Applicable    □ Not applicable

| Name of company                           | The method of obtaining and disposal for subsidiaries during the report period   | The influence to the whole production and performance                         |
|---|--|---|
| Yichang CSG photoelectric Glass Co., Ltd. | The Company transferred 73.58% equity of Yichang CSG photoelectric Glass Co., Ltd. to Shenzhen CSG Display Technology Co., Ltd., and the transfer procedure was finished in July 2015. | Investment income of RMB 100,079,340 had been confirmed in the report period. |
| China (Australia) Southern Glass Limited  | The Company transferred 51% equity of China (Australia) Southern Glass Limited to True Wealth Co., Ltd., and the transfer procedure was finished in May 2015.                          | Investment income of RMB 66,812 had been confirmed in the report period.      |

Notes of main subsidiaries and joint-stock companies

Influenced by overcapacity in the industry and insufficient demand, the relevant subsidiaries suffered a greater decline in performance. 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, which made the income and profits of subsidiaries related to architectural glass industry sustained somewhat year-on-year decrease. As the country increased investment and policy supports to energy conservation and emission reduction and clean energy, solar photovoltaic industry gradually got out of the sluggish state, and all subsidiaries in the industry achieved a certain profit.

## VIII. Structured main bodies controlled by the Company

☐ Applicable    ☒ Not applicable

## IX. Outlook of the Company's future development

### 1. Tendency of development of the industries the Company involved

#### Flat glass industry

In 2016, as the country's fixed asset investment growth slows down and the investment in property continues to reduce, the demand for traditional building materials industry is still not optimistic. Flat glass industry is still facing great pressure, and the industry will remain weak. In the aspect of supply, overcapacities of the current industry are still outstanding, the Ministry of Industry and Information Technology has recently made it clear that they will vigorously promote the flat glass industry to "reduce capacity" in 2016 to curb industry declining trend. It is predicted that the industry development will gradually stabilize with the boost of reducing inventories and capacities. At the same time, high-end glass, technical glass related emerging industries will develop rapidly benefiting from technological progress, and profitability and competitiveness of the leading glass companies with cost control ability and technological innovation advantages will be improved.

Ultra-thin glass is an important raw material of electronic information products which is a new material the national policies and strategies encourage to develop. Since 2015, the production capacity of ultra-thin glass in domestic market has been expanded rapidly, market competition has intensified, and the industry profits have declined. However, with rapid growth of downstream electronic products like smart phone, the market demand is still strong, especially for high-performance high-alumina ultra-thin glass. Now China mainly relies on imports because of the monopoly by minority manufacturers such as Corning and Asahi Glass, the industry future is prosperous.

#### Architectural glass industry

In 2015, real estate investment growth continued to be sluggish, market demand for architectural glass was lack of powerful boost, intensified market competition resulted in a greater decline in product price, and industry profitability reduced. In 2016, the development of architectural glass industry on the one hand will continue to face certain difficulties because of the adjustment of domestic real estate market and homogeneous competition of the industry; on the other hand, with the promotion and popularization of green building in China, high-end energy-saving glass with high value-added will still has very broad market prospects. According to the *"Action plans for promoting the production and application of green building materials"* jointly printed and distributed by Ministry of Industry and Information Technology and Ministry of Housing and Urban-Rural Development in 2015, the proportion of production of green building materials will obviously increase and the development quality will be significantly improved till 2018. The proportion of green building materials used in new buildings will reach 30%, the application proportion in green buildings will reach 50%, the application proportion in pilot demonstration projects will reach 70%, and the application proportion in reconstruction of existing buildings will increase to 80%. As an important green building material, the future development of high-end energy-saving glass is worth being expected.

#### Solar photovoltaic industry

In 2015, solar photovoltaic industry continued to rebound, domestic and overseas PV markets continued to expand, and development environment of photovoltaic industry was being improved gradually. With the increasing pressure on energy conservation and emission reduction and tackling climate change, the country constantly increases investment and policy supports for clean energy. It is predicted that the integration, merger and reorganization of solar photovoltaic industry will be gradually completed in the next few years under the guidance of national policy and there will be an upturn in the industry as a whole, and the market outlook is optimistic.

### 2. Development Strategy



Future development strategy of the Company will center on the energy-saving and renewable energy industry. Consolidate and establish its technology advantages and market position in the field of energy-saving glass and solar photovoltaic through technology innovation and economies of scale. The Company will meticulously promote its core competitiveness and sustainable development ability in the field of glass industry, display device industry and photovoltaic solar energy industry, create independent capital and industry platform for the fine glass industry, to ensure that CSG becoming one of the world-leading manufacturers.

### 3. Business Plan of 2016

- ① Elaborately plan, concerted supervise and elaborately operate to ensure to accomplish the development and operation targets for 2016.
- ② Continue to implement cautious financial policy, strengthen management on working capital and budget control, strengthen supervision to financial affairs, and strictly prevent financial risk.
- ③ Intensify R&D on new products, new technology and new technics, keep innovation advantage in aspect of technology and products.
- ④ Strengthen lean management of the production process, strictly control all costs and expenses, carry out various measures to reduce energy consumption, and ensure the product has a high level of profitability
- ⑤ Further enhance utilization rate of the equipments, consolidate and improve market share, further deepen differential management, speed up transformation and upgrading for products, enlarge brand advantage of CSG, occupy high-end market firmly;
- ⑥ Give priority to talent cultivation and team building, implement assessment for all the staff, reserve cadres training, staff training and fix work posts and define personnel quota;
- ⑦ Further standardize the operation procedures of the Company, promote controlling measures for internal control, introduce an information platform, promote the level of informationization, improve work efficiency, and positively prevent various operational risks;

### 4. Capital Requirements, Plan and Sources

In 2016, CSG capital expenditure budget is about RMB 2.013 billion, which is mainly used in the project construction of used in the project construction of Photovoltaic power plant investment project, Yichang CSG electronic grade polysilicon expansion project, Yichang silicon expansion project and other projects in construction of the previous year. The capital is mainly from self-owned capital of CSG, borrowings from financial institutions and the raised funds from non-public offering of A-Share.

### 5. Risks and Countermeasures

In 2016, as economic situations at home and abroad are still severe, the Company will face with following risks and challenges:

- ① The flat glass industry continues to face the pressure of recession in demand and overcapacity, while intensifying homogeneity competition will be a challenge for architectural glass industry. The situation of solar PV industry is facing the risks which are the market does not reach expectations and industrial policy are being adjusted etc. In response to the risks, the Company will take the following measures as:
  - A. The Company will take technology and management innovation as the measure to deepen differentiation operation, avoid homogenization competition by high quality and differentiation products and advanced management idea, maintain the profitability of the Company by adopting new technology, new technic to reduce the cost.
  - B. Pay attention to the changes of international situation, and positively explore emerging market.
  - C. Strengthen financial management, especially reinforce the management of cash flow, accounts receivable and inventory to control operational risks.
  - D. Adjust investment strategy according to market change, and control the investment rhythm.
- ② The costs of the labor go up and raw materials fluctuate sharply. For this purpose, the Company will take following measures:

- A. Strengthen lean management, and reduce spillage of materials.
- B. Keep close watch on the market changes, and lock the prices of bulk commodity timely.
- C. Make use of bulk purchasing superiority to reduce the purchase cost.
- D. Promote automatic production level, and improve labor productivity.
- ③ Risk of exchange rate fluctuations: At present, nearly 8.71% CSG sales revenue come from overseas, so exchange rate fluctuation will influence the CSG operation. In response to the risk, the company will timely settle exchange and lock the exchange rate by using effective safety tools and products.

## X. Reception of research, communication and interview

### 1. Particulars about research, communication and interview in the report period

√Applicable    □ Not applicable

| Time      | Way            | Type      | Basic information index of investigation   |
|-----------|----------------|-----------|--|
| 2015-1-19 | Field research | Institute | Details can be found in the Record Chart of the Investor Relation Activity disclosed on Juchao website( <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> ) on 20 January 2015. |
| 2015-1-20 | Field research | Institute | Details can be found in the Record Chart of the Investor Relation Activity disclosed on Juchao website( <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> ) on 21 January 2015. |
| 2015-1-26 | Field research | Institute | Details can be found in the Record Chart of the Investor Relation Activity disclosed on Juchao website( <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> ) on 27 January 2015. |
| 2015-5-19 | Field research | Institute | Details can be found in the Record Chart of the Investor Relation Activity disclosed on Juchao website( <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> ) on 20 May 2015.     |

|  |    |
|--|----|
| Reception times  | 4  |
| Number of reception institutions                             | 24 |
| Number of reception person                                   | 0  |
| Number of other reception                                    | 0  |
| Disclosed, released or let out major undisclosed information | No |

## Section V. Important Events

### I. Profit distribution plan of common shares and capitalization of capital reserve plan of the Company

Implementation or adjustment of profit distribution plan in the report period, cash dividend plan and converting capital reserve into share capital in particular

√ Applicable    □ Not applicable

In order to improve and perfect its decision-making and supervision mechanism of profit distribution so as to deliver satisfying investment return to investors and guide investors to establish philosophy of long term investment and rational investment, the Company held an extraordinary meeting of the 7th Board of Directors on 15 June 2015 to consider and approve the proposals of Revising Article of Association and Establishing Investment Return Plan for the Next Three Years (2015-2017) of CSG Holding Co., Ltd. The independent directors issued a separate opinion about the resolutions. The proposals were considered and approved at the first extraordinary general meeting of shareholders of 2015 held by the Company on 2 July 2015. All the decisions were made in accordance with Notice To Further Carrying Out Relevant Events About Cash Dividend (证监发[2012]37 号) established by CSRC and regulatory guideline No.3 for listed company--cash bonus of listed company (中国证监会公告[2013]43 号) and the Articles of Association, as well as taking into account of the Company's profitability, development strategy and operating plan, shareholder return, social capital cost and external financing environment. The Company implemented profit distribution policy in strict accordance to the Articles of Association, and the determination and performance of cash dividend policy met relevant requirements of the Articles of Association and general meeting of shareholders with clear distribution standard and defined proportion. The relevant decision-making process and mechanism were completed, the duties and responsibilities of independent directors who played their due roles were clear, and the legitimate rights and interests of minority shareholders who had ample opportunities to express their opinions and requests were effectively protected.

The profit distribution plan for 2014 was approved by Annual General Shareholders' Meeting of 2014 held on 23 April 2015 which distributed RMB 5 (tax included) in cash for every 10 shares to all shareholders. Notice of the distribution was published on *China Securities Journal*, *Securities Times* and *Hong Kong Commercial Daily* on 30 April 2015, and the profit has been distributed.

| Special explanation on cash dividend policy   |     |
|---|-----|
| Satisfy regulations of General Meeting or requirement of Article of Association (Yes/No)                                    | Yes |
| Well-defined and clearly dividend standards and proportion (Yes/No)   | Yes |
| Completed relevant decision-making process and mechanism (Yes/No)   | Yes |
| Independent directors perform duties completely and play a proper role (Yes/No)   | Yes |
| Minority shareholders have ample opportunities and their legitimate rights and interests are effectively protected (Yes/No) | Yes |
| Condition and procedures are compliance and transparent while the cash bonus policy adjusted or changed (Yes/No)            | Yes |

Statement on profit distribution plan and capitalization of capital reserve plan of the Company in nearly three years (including the report period)

Statement on profit distribution plan and capitalization of capital reserve plan of the Company in 2015: base on 2,075,335,560 shares of the total shares while dividends will be distributed, distributing cash dividend of RMB 3.00 (tax included) for every 10 shares to all share holders. In 2015, the Company will not transfer capital reserve into capital.

Statement on profit distribution plan and capitalization of capital reserve plan of the Company in 2014: based on 2,075,335,560 shares of the total shares while dividends were distributed, distributing cash dividend of RMB 5.00 (tax included) for every 10 shares to all share holders. In 2014, the Company did not transfer capital reserve into capital.

Statement on profit distribution plan and capitalization of capital reserve plan of the Company in 2013: based on 2,075,335,560 shares of the total shares while dividends were distributed, distributing cash dividend of RMB 3 (tax included) for every 10 shares to all share holders. In 2013, the Company did not transfer capital reserve into capital.

Cash dividend in latest three years

Unit: RMB

| Year for bonus shares | Amount for cash dividend (tax included) | Net profit attributable to shareholders of listed company in consolidation statement for bonus year | Ratio in net profit attributable to shareholders of listed company contained in consolidation statement (%) | cash dividend by other ways | Proportion for cash dividend by other ways |
|-----------------------|---|---|---|-----------------------------|--|
| 2015                  | 622,600,668                             | 624,753,110   | 99.66%  | 0                           | 0  |
| 2014                  | 1,037,667,780                           | 873,653,030   | 118.77%   | 0                           | 0  |
| 2013                  | 622,600,668                             | 1,535,929,739   | 40.54%  | 0                           | 0  |

The Company gains profits in reporting period and the retained profit of parent company is positive but no plan of cash dividend proposed

☐ Applicable ☒ Not applicable

## II. Proposal of profit distribution preplan or share conversion from capital public reserve in the report period

☒ Applicable ☐ Not applicable

|   |               |
|---|---------------|
| Distributing bonus shares for every 10 shares (share)   | 0             |
| Distributing cash dividend for every 10 shares (tax included) (RMB)                           | 3             |
| Shares added for every 10-share base (Share)  | 0             |
| Equity base for distribution preplan (share)  | 2,075,335,560 |
| Total amount distribution in cash (RMB) (tax included)  | 622,600,668   |
| Profit available for distribution (RMB)   | 1,011,882,151 |
| Cash distributing accounted for the proportion of the total amount of profit distribution (%) | 100%          |

| Particular about cash dividend in the period   |
|--|
| If the company's development is at the growth stage with arrangements of significant capital expenditures, the minimum proportion of cash dividend in the profit distribution should reach 20%.  |
| Details of proposal of profit distribution preplan or share conversion from capital public reserve   |
| According to the financial report audited by PricewaterhouseCoopers Zhong Tian LLP., the net profit attributable to equity holders of the Company in consolidated statement is RMB 624,753,110 in 2015, and the net profit of parent company statement is RMB 511,995,994 in 2015. Since cash dividend distribution bases on the distributable profit of parent company, the Company took 10% of the net profit as stationary surplus reserve which was RMB 51,199,599 based on the net profit RMB 511,995,994 of parent company statement 2015. Profit available for distribution in 2015 is RMB 1,011,882,151. |
| The Board of Directors proposed to distribute every shareholder RMB 3.00 (including tax) for each 10 shares based on the amount 2,075,335,560 shares, and the total amount distribution is RMB 622,600,668 (including tax). Board of directors consider that this proposal of profit distribution meet the specification of Corporation Law, Accounting Standard for Enterprises and Articles of Association. The above profit distribution preplan must be submitted to the 2015 Annual General Meeting of shareholders.  |

### III. Implementation of commitment

#### 1. Commitments completed by the Company, the shareholders, the actual controllers, the purchasers, the directors, the supervisors and the senior executives or the other related parties during the reporting period and those hadn't been completed execution by the end of the report period

√Applicable    □ Not applicable

| Commitments                         | Promisee   | Type of commitments           | 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. | Commitment of share reduction | 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 | 2006-5-22       | N/A             | By the end of the report period, the above shareholders of the Company had strictly carried out their promises. |

|  |  |  |  |            |  |   |
|--|--|--|--|------------|--|---|
|  |  |  | 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.  |            |  |   |
| Commitments in report of acquisition or equity change  | Foresea Life Insurance Co., Ltd., Shenzhen Jushenghua Co., Ltd. and Chengtai Group Co., Ltd. | Commitment of horizontal competition, affiliate Transaction and capital occupation | Foresea Life Insurance Co., Ltd., Shenzhen Jushenghua Co., Ltd. and Chengtai Group Co., Ltd. issued detailed report of equity change on 29 June 2015, in which, they undertook to keep independent from CSG in aspects of personnel, assets, finance, organization set-up and business as long as Foresea Life Insurance remained the largest shareholder of CSG. Meanwhile, they made commitment on regularizing related transaction and avoiding industry competition. | 2015-6-29  | During the period when Foresea Life remains the largest shareholder of the Company | By the end of the report period, the above shareholders of the Company had strictly carried out their promises. |
| Commitments in assets reorganization                   |  |  |  |            |  |   |
| Commitments in initial public offering or re-financing | Foresea Life Insurance Co., Ltd., China North Industries Corporation                         | Commitment of share reduction  | The Company's shareholders, Foresea Life Insurance Co., Ltd. and China North Industries Corporation, made commitments that they would not reduce CSG's shares within six months after private placement of CSG from Nov. 25, 2015.   | 2015-11-25 | within six months after private placement of CSG from Nov. 25, 2015                | By the end of the report period, the above shareholders of the Company had strictly carried out their promises. |
| Equity incentive commitment                            |  |  |  |            |  |   |
| Other commitments for medium and small shareholders    | Foresea Life Insurance Co., Ltd., China North Industries Corporation                         | Commitment of share reduction  | The Company's shareholders, Foresea Life Insurance Co., Ltd. and China North Industries Corporation, made commitments that they would not reduce CSG's shares within six months after private placement of CSG from  | 2015-07-15 | within six months after private placement of CSG                                   | By the end of the report period, the above shareholders of the  |

|   |                |  |                |  |                    |  |
|---|----------------|--|----------------|--|--------------------|--|
|   |                |  | July 15, 2015. |  | from July 15, 2015 | Company had strictly carried out their promises. |
| Completed on time(Y/N)  | Yes            |  |                |  |                    |  |
| If the commitments is not fulfilled on time, explain the reasons and the next work plan | Not applicable |  |                |  |                    |  |

**2. If there are assets or projects of the Company, which has profit forecast and the report period is still in forecasting period, the Company should explain reasons why they reach the original profit forecast**

☐ Applicable    ☒ Not applicable

**IV. Particular about non-operating fund of listed company which is occupied by controlling shareholder and its affiliated enterprises**

☐ Applicable    ☒ Not applicable

There was no non-operating fund of listed company which is occupied by controlling shareholder and its affiliated enterprises in the report period.

**V. Explanation from Board of Directors, Supervisory Committee and Independent Directors (if applicable) for “Non-standard audit report” of the period that issued by CPA**

☐ Applicable    ☒ Not applicable

**VI. Particulars about the changes in aspects of accounting policy, accounting estimate and calculation method compared with the financial report of last year**

☐ Applicable    ☒ Not applicable

There were no changes in aspects of accounting policy, accounting estimate and calculation method in the report period.

**VII. Description of major accounting errors within report period that need retrospective restatement**

☐ Applicable    ☒ Not applicable

There were no major accounting errors within report period that need retrospective restatement in the report period.

## VIII. Description of changes in consolidation statement's scope 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 because of selling equity, were China (Australia) Southern Glass Co., LTD and Yichang CSG Photovoltaic Glass Co., LTD.

## IX. Engaging and dismissing of CPA firm

CPA firm engaged

|   |                                       |
|---|---------------------------------------|
| Name of domestic CPA firm                                 | PricewaterhouseCoopers Zhong Tian LLP |
| Remuneration for domestic CPA firm (RMB 0'000)            | 280                                   |
| Continuous life of auditing service for domestic CPA firm | 14 years                              |
| Name of domestic CPA                                      | Yao Wenping, Liu Jingping             |

Whether re-appointed accounting firms in this period or not

☐ Yes    ☒ No

Appointment of internal control auditing accounting firm, financial consultant or sponsor

☒ Applicable    ☐ Not applicable

1. PricewaterhouseCoopers Zhong Tian LLP was engaged as audit institute of internal control for the Company in the report period, RMB 0.25 million paid for expenses (not including traveling and accommodation expenses).
2. In the report period, the Company engaged CITIC Securities Co., LTD for the sponsor of the Company for the item of non-public offering of A-Share. The expenses had not been paid by the end of the report period.

## X. Particular about the Company suspended from the stock market listing and delisting after the disclosure of the annual report

☐ Applicable    ☒ Not applicable

## XI. Issues related to bankruptcy and reorganization

☐ Applicable    ☒ Not applicable

No such issues related to bankruptcy and reorganization occurred in the report period.

## XII. Significant lawsuits and arbitrations

☐ Applicable    ☒ Not applicable

There were no significant lawsuits or arbitrations in the report period.

## XIII. Penalty and rectification

☐ Applicable    ☒ Not applicable



No penalty and rectification for the Company in the report period.

#### XIV. Integrity of the Company and its controlling shareholders and actual controllers

☐ Applicable ☒ Not applicable

#### XV. Implementation of the Company's stock incentive plan, employee stock ownership plan or other employee incentives

☐ Applicable ☒ Not applicable

#### XVI. Major related transaction

##### 1. Related transaction with routine operation concerned

☒ Applicable ☐ Not applicable

| Related transaction parties  | Related relationship  | Related transaction type                        | Related transaction content          | Pricing principle      | Dealing price  | Trading amount (RMB 0,000 ,tax included) | Proportion in the amount of the same transaction (%) | Approved amount of transaction (RMB 0,000)  | Whether over the approved amount or not | Means of payments | Market price of similar transaction available | Date of disclosure | Index of disclosure |
|--|-----------------------|---|--------------------------------------|------------------------|----------------|--|--|---|---|-------------------|---|--------------------|---------------------|
| Shenzhen CSG Display Technology Co., Ltd.  | Associated enterprise | Sales products and commodities to related party | Sales of ultra-thin electronic glass | Refers to market price | Not applicable | 2,513                                    | 0.34%  | 12,000  | No                                      | monetary fund     | Not applicable                                | 2015-3-11          | 2015-005            |
| Total  |                       |   |                                      | --                     | --             | 2,513                                    | --   | 12,000  |   | --                | --  | --                 | --                  |
| Details of major sold-out order sent back  |                       |   |                                      |                        |                |  |  | N/A   |   |                   |   |                    |                     |
| The actual implementation of routine related transactions that is about to occurred in the Period with total amount estimated by category (if any) |                       |   |                                      |                        |                |  |  | In the report period, the total of routine related transactions was in the estimated range. |   |                   |   |                    |                     |
| Reason for the great difference between trade price and market reference price (if any)  |                       |   |                                      |                        |                |  |  | Not applicable  |   |                   |   |                    |                     |

##### 2. Related transaction with acquisition of assets or equity, sales of assets or equity concerned

☒ Applicable ☐ Not applicable

| Related transaction parties | Related relationship | Related transaction type | Related transaction content | Pricing principle | Book value of the transferred assets | Assessed value of the transferred assets | Transfer price (RMB 0,000) | Means of payments | Gains and losses from the transaction | Date of disclosure | Index of disclosure |
|-----------------------------|----------------------|--------------------------|-----------------------------|-------------------|--------------------------------------|--|----------------------------|-------------------|---------------------------------------|--------------------|---------------------|
|-----------------------------|----------------------|--------------------------|-----------------------------|-------------------|--------------------------------------|--|----------------------------|-------------------|---------------------------------------|--------------------|---------------------|

|  |                          |  |  |   | (RMB<br>0,000)    | Assets (RMB<br>0,000) |        |                  | (RMB<br>0,000) |           |          |
|--|--------------------------|--|--|---|-------------------|-----------------------|--------|------------------|----------------|-----------|----------|
| Shenzhen<br>CSG<br>Display<br>Technology<br>Co., Ltd.  | Associated<br>enterprise | Selling<br>equity to<br>related<br>party | Transfer of<br>73.58% equity<br>of Yichang<br>CSG<br>Photovoltaic<br>Glass Co.,<br>LTD | Refers to<br>the target<br>company's<br>earnings<br>expectation<br>for 2015 | Not<br>applicable | Not<br>applicable     | 25,753 | monetary<br>fund | 10,007.93      | 2015-5-19 | 2015-030 |
| Reason of the difference between transfer price and book value or evaluation value (if applicable)               |                          |  |  | Not applicable  |                   |                       |        |                  |                |           |          |
| Impact of operation results and financial condition of the Company   |                          |  |  | Investment earnings of RMB 100.0793 million was generated.                  |                   |                       |        |                  |                |           |          |
| The implementation of performance situation if there is related transactions involving the performance agreement |                          |  |  | Not applicable  |                   |                       |        |                  |                |           |          |

### 3. Related transaction with jointly external investment concerned

☐ Applicable    ☒ Not applicable

### 4. Credits and liabilities with related parties

☐ Applicable    ☒ Not applicable

### 5. Other major related transaction

☒ Applicable    ☐ Not applicable

Enquiry website for interim announcement of the major related transaction

| Name of interim announcement   | Disclosure date | Disclosure website                          |
|--|-----------------|---|
| Announcement of the wholly owned subsidiary Shenzhen CSG Financial Leasing Company carried out financial leasing business to Yichang Display and related transaction | 2015-7-7        | Juchao Website<br>Announcemen No.: 2015-040 |

## XVII. Significant contracts and their implementation

### 1. Trusteeship, contracting and leasing

#### (1) Trusteeship

☐ Applicable    ☒ Not applicable

No trusteeship for the Company in the report period.

**(2) Contract**

☐ Applicable    ☒ Not applicable

No contract for the Company in the report period.

**(3) Leasing**

☐ Applicable    ☒ Not applicable

No leasing for the Company in the report period.

**2. Major guarantees**

☒ Applicable    ☐ Not applicable

**(1) Guarantee**

Unit: RMB 0,000

| Particulars about the external guarantee of the Company (Barring the guarantee for subsidiaries) |                                      |                 |  |                        |                   |                |                                |   |
|--|--------------------------------------|-----------------|--|------------------------|-------------------|----------------|--------------------------------|---|
| Name of the Company guaranteed   | Related Announcement disclosure date | Guarantee limit | Actual date of happening (Date of signing agreement) | Actual guarantee limit | Guarantee type    | Guarantee term | Complete implementation or not | Guarantee for related party (Yes or no) |
| Guarantee of the Company for the subsidiaries  |                                      |                 |  |                        |                   |                |                                |   |
| Name of the Company guaranteed   | Related Announcement disclosure date | Guarantee limit | Actual date of happening (Date of signing agreement) | Actual guarantee limit | Guarantee type    | Guarantee term | Complete implementation or not | Guarantee for related party (Yes or no) |
| Xianning CSG Glass Co., Ltd.   | 2014-10-29                           | 6,000           | 2015-1-27  | 3,000                  | General guarantee | 1 year         | Yes                            | No                                      |
| Yichang CSG Photoelectric Glass Co., Ltd.  | 2014-03-25                           | 8,000           | 2015-2-4   | 503                    | General guarantee | 3 year         | Yes                            | No                                      |
| Dongguan CSG Solar Glass Co., Ltd.   | 2014-8-5                             | 11,200          | 2015-2-26  | 622                    | General guarantee | 1 year         | Yes                            | No                                      |
| Dongguan CSG PV-tech Co., Ltd.   | 2014-8-5                             | 6,000           | 2015-2-9   | 152                    | General guarantee | 1 year         | Yes                            | No                                      |
| Qingyuan CSG Energy Conservation New-materials Co., Ltd.   | 2014-8-5                             | 8,000           | 2015-3-16  | 1,850                  | General guarantee | 1 year         | Yes                            | No                                      |
| Dongguan CSG Solar Glass Co., Ltd.   | 2014-8-5                             | 11,200          | 2015-3-4   | 331                    | General guarantee | 1 year         | Yes                            | No                                      |
| Wujiang CSG Glass Co., Ltd.  | 2014-10-29                           | 10,000          | 2015-4-30  | 1,000                  | General guarantee | 1 year         | Yes                            | No                                      |

|  |            |        |            |       |                   |        |     |    |
|--|------------|--------|------------|-------|-------------------|--------|-----|----|
| Dongguan CSG Solar Glass Co.                             | 2015-2-10  | 5,000  | 2015-5-28  | 2,513 | General guarantee | 2 year | Yes | No |
| Dongguan CSG Solar Glass Co.                             | 2014-8-5   | 11,200 | 2015-3-13  | 1,000 | General guarantee | 1 year | Yes | No |
| Chengdu CSG Glass Co., Ltd.                              | 2015-2-7   | 9,170  | 2015-4-8   | 1,100 | General guarantee | 1 year | Yes | No |
| Sichuan CSG Energy-saving Glass Co., Ltd                 | 2015-2-7   |        | 2015-5-6   | 2,500 | General guarantee | 1 year | Yes | No |
| Dongguan CSG Solar Glass Co., Ltd.                       | 2015-2-7   | 5,000  | 2015-5-22  | 2,415 | General guarantee | 2 year | Yes | No |
| Qingyuan CSG Energy Conservation New                     | 2014-8-5   | 8,000  | 2014-8-7   | 142   | General guarantee | 3 year | Yes | No |
| Qingyuan CSG Energy Conservation New                     | 2014-8-5   |        | 2014-8-7   | 6,960 | General guarantee | 3 year | No  | No |
| Dongguan CSG Architectural Glass Co., Ltd.               | 2014-8-5   | 10,000 | 2015-4-7   | 2,500 | General guarantee | 1 year | Yes | No |
| Xianning CSG Glass Co., Ltd.                             | 2014-8-5   | 6,000  | 2015-5-11  | 2,000 | General guarantee | 1 year | Yes | No |
| Xianning CSG Energy-saving Glass Co., Ltd                |            |        | 2015-3-24  | 3,000 | General guarantee |        | Yes | No |
| Wujiang CSG Glass Co., Ltd.                              | 2014-10-29 | 10,000 | 2015-2-2   | 4,000 | General guarantee | 1 year | Yes | No |
| Dongguan CSG Solar Glass Co.                             | 2014-8-5   | 8,000  | 2015-4-17  | 3,300 | General guarantee | 1 year | Yes | No |
| Dongguan CSG Solar Glass Co.                             | 2014-8-5   | 8,000  | 2015-4-17  | 5,340 | General guarantee | 1 year | No  | No |
| Dongguan CSG Solar Glass Co.                             | 2014-10-29 | 5,000  | 2015-2-11  | 2,000 | General guarantee | 1 year | Yes | No |
| Tianjin CSG Energy Conservation Glass Co., Ltd           | 2013-10-22 | 5,000  | 2015-3-27  | 4,000 | General guarantee | 3 year | Yes | No |
| Dongguan CSG PV-tech Co., Ltd.                           | 2014-8-5   | 6,000  | 2015-5-15  | 521   | General guarantee | 1 year | Yes | No |
| Qingyuan CSG Energy Conservation New-materials Co., Ltd. | 2014-8-5   | 30,000 | 2014-12-26 | 4,850 | General guarantee | 1 year | Yes | No |
| Yichang CSG Photoelectric Glass Co.                      | 2014-3-25  | 8,000  | 2014-11-11 | 687   | General guarantee | 3 year | Yes | No |
| Yichang CSG Photoelectric Glass Co.                      | 2014-8-5   | 3,000  | 2015-1-8   | 3,000 | General guarantee | 1 year | Yes | No |

|  |            |         |            |  |  |        |     |        |
|--|------------|---------|------------|--|--|--------|-----|--------|
| Yichang CSG Photoelectric Glass Co.  | 2013-8-6   | 10,000  | 2014-1-23  | 700  | General guarantee  | 3 year | Yes | No     |
| Yichang CSG Photoelectric Glass Co.  | 2013-8-6   |         | 2014-1-23  | 2,200  | General guarantee  | 3 year | No  | No     |
| Xianning CSG Glass Co., Ltd.   | 2012-1-20  | 37,800  | 2012-8-15  | 9,700  | General guarantee  | 4 year | Yes | No     |
| Xianning CSG Glass Co., Ltd.   | 2013-6-19  | 20,000  | 2013-7-19  | 4,400  | General guarantee  | 3 year | Yes | No     |
| Xianning CSG Glass Co., Ltd.   | 2013-6-19  | 20,000  | 2013-6-27  | 6,250  | General guarantee  | 4 year | Yes | No     |
| Yichang CSG Polysilicon Co.  | 2010-12-25 | 50,000  | 2011-4-27  | 629  | General guarantee  | 8 year | Yes | No     |
| Yichang CSG Polysilicon Co.  | 2014-8-5   | 1,000   | 2014-10-16 | 1,000  | General guarantee  | 1 year | Yes | No     |
| Total amount of approving guarantee for subsidiaries in report period (B1)   |            | 289,774 |            | Total amount of actual occurred guarantee for subsidiaries in report period (B2)       |  |        |     | 46,647 |
| Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)  |            | 341,206 |            | Total balance of actual guarantee for subsidiaries at the end of reporting period (B4) |  |        |     | 14,500 |
| Total amount of guarantee of the Company( total of two abovementioned guarantee)   |            |         |            |  |  |        |     |        |
| Total amount of approving guarantee in report period (A1+B1)   |            | 289,774 |            | Total amount of actual occurred guarantee in report period (A2+B2)                     |  |        |     | 46,647 |
| Total amount of approved guarantee at the end of report period (A3+B3)   |            | 341,206 |            | Total balance of actual guarantee at the end of report period (A4+B4)                  |  |        |     | 14,500 |
| The proportion of the total amount of actually guarantee in the net assets of the Company(that is A4+ B4)                        |            |         | 1.84%      |  |  |        |     |        |
| Including:   |            |         |            |  |  |        |     |        |
| Amount of guarantee for shareholders, actual controller and its related parties(C)   |            |         |            |  | 0  |        |     |        |
| The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(D) |            |         |            |  | 0  |        |     |        |
| Proportion of total amount of guarantee in net assets of the Company exceed 50%(E)   |            |         |            |  | 0  |        |     |        |
| Total amount of the aforesaid three guarantees(C+D+E)  |            |         |            |  | 0  |        |     |        |
| Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees                             |            |         |            |  | The Company shall bear joint and several liabilities in guarantee range if the subsidiaries fail to fulfill the obligation of repayment. |        |     |        |
| Explanations on external guarantee against regulated procedures  |            |         |            |  | N/A  |        |     |        |

## (2) Illegal external guarantee

☐ Applicable    ☒ Not applicable

No Illegal external guarantee in the report period.

### 3. Entrust cash asset management to others

#### (1) Entrusted asset management

☐ Applicable ☒ Not applicable

The Company had no entrusted asset management in the report period.

#### (2) Entrusted loans

☐ Applicable ☒ Not applicable

The Company had no entrusted loans in the report period.

### 4. Other material contracts

☐ Applicable ☒ Not applicable

No other material contracts for the Company in the report period.

## XVIII. Statement on other important matters

☒ Applicable ☐ Not applicable

#### 1. Plan of non-public offering of A-share

| Summary of item  | Interim announcement  | Disclosure date  | Disclosure website  |
|--|---|------------------|---|
| <p>Proposals of non-public offering of A-share to specific investors etc. were deliberated and approved by the interim meeting of the 7<sup>th</sup> session of the Board on 22 April 2015. The Company planned to exercise equity financing by means of non-public offering of A-share. The total amount of non-public offering of A-share was 179,977,502 shares, 112,485,939 shares of which was specifically issued to Foresea Life Insurance Co., Ltd. with one billion yuan in cash, and 67,491,563 shares of which was specifically issued to China Northern Industries Corporation with 0.6 billion yuan in cash.</p> <p>The A shares subscribed by China Northern Industries Corporation and Foresea Life Insurance Co., Ltd. in this plan are not allowed to be transferred within 36 months from the listing date.</p> <p>Pricing benchmark is the announcement day of board resolution for this issue. The offering price is RMB 8.89/share, no less than 90% of the average trading price of 20 trading days before pricing benchmark. Offering price will be adjusted if issues such as dividends, bonus shares,</p> | <p>"Announcement of the interim meeting resolution of the seventh board of directors"</p> <p>"Announcement of the interim meeting resolution of the seventh board of supervisors"</p> <p>"Non-public offering of A-share plan"</p> <p>"Feasibility Analysis Report about the raised fund use of Non-public offering of A-share"</p> <p>"Announcement of related transactions involved in non-public offering of A-share"</p> <p>"Indicative announcement of changes in shareholders' equity"</p> <p>"Report about the use of previous raised funds"</p> <p>"Valid share subscription agreement subject to conditions between the Company and Foresea Life Insurance Co., Ltd."</p> <p>"Valid share subscription agreement subject</p> | <p>2015-4-23</p> | <p>Juchao website (<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>)</p> <p>Announcement No.: 2015-019</p> <p>2015-020</p> <p>2015-021</p> <p>2015-022</p> |

|   |   |            |  |
|---|---|------------|--|
| capital reserve and other ex dividend issues occurred before offering.  | to conditions between the company and China Northern Industries Corporation"  |            |  |
| Proposal of adjusting period of validity for the resolution of the non-public offering of A-share plan and period of validity which the general meeting of shareholders authorized the Board to deal with all the specific issues associated with the non-public offering of A-share was deliberated and approved by the interim meeting of the 7 <sup>th</sup> Board of Directors on 15 June 2015. The Board agreed to adjust period of validity for the resolution of the non-public offering of A-share plan and adjust period of validity which the general meeting of shareholders authorized the Board to deal with all the specific issues associated with the non-public offering of A-share. The period of validity changed to 12 months commencing from the date on which the relevant resolution is approved at general meeting instead of the original 18 months commencing from that date. | "Announcement of the interim meeting resolution of the seventh board of directors"<br>"Announcement of the interim meeting resolution of the seventh board of supervisors"<br>"Report about the use and authentication of the previous raised funds "   | 2015-6-16  | Juchao website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )<br>Announcement No.: 2015-033<br>2015-035 |
| Relevant items of the non-public offering of A-share had been considered and approved at the first extraordinary general meeting of shareholders in 2015 convened by the Company on 2 July 2015.  | " Announcement of the resolution of the first extraordinary general meeting of shareholders in 2015"  | 2015-7-3   | Juchao website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )<br>Announcement No.: 2015-038             |
| Application for non-public offering of A-share was accepted by China Securities Regulatory Commission   | "Announcement of the acceptance of application for non-public offering of A-share by China Securities Regulatory Commission "   | 2015-8-18  | Juchao website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )<br>Announcement No.: 2015-046             |
| The Company's non-public offering of A-share received "Notice about review and feedback to administrative permissive projects from China Securities Regulatory Commission"  | "Announcement of receipt of 'Notice about review and feedback to administrative permissive projects from China Securities Regulatory Commission' "  | 2015-11-13 | Juchao website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )<br>Announcement No.: 2015-058             |
| Reply to feedback of the Company's application documents for non-public offering of A-share   | "Announcement of the reply to feedback of the Company's application documents for non-public offering of A-share "<br>"Commitment about not reducing holding shares by Foresea Life Insurance Co., Ltd."<br>" Commitment about not reducing holding shares by China North Industries Corporation" | 2015-12-8  | Juchao website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )<br>Announcement No.: 2015-059             |

The item of non-public offering of A-share is still subject to approval from China Securities Regulatory Commission and other related authorities.

## 2. Plan of domestically listed foreign shares converting listing location to list and trade on the Main Board of Stock Exchange of Hong Kong by Means of Introduction

| Summary of item  | Interim announcement  | Disclosure date | Disclosure website   |
|--|---|-----------------|--|
| <p>The proposal of domestically listed foreign shares converting listing location to list and trade on the Main Board of Stock Exchange of Hong Kong by Means of Introduction was deliberated and approved by the interim meeting of the 7<sup>th</sup> session of the Board of the Company on 22 April 2015.</p> <p>The Board agreed B-share converting listing location to list and trade on the Main Board of Stock Exchange of Hong Kong by Means of Introduction.</p> | <p>"Announcement of the interim meeting resolution of the seventh board of directors"</p> <p>"Announcement of the interim meeting resolution of the seventh board of supervisors"</p> <p>" Plan of domestically listed foreign shares converting listing location to list and trade on the Main Board of Stock Exchange of Hong Kong by Means of Introduction "</p> <p>" Financial Consulting Report issued by CITIC Securities Co., Ltd. for the Plan of domestically listed foreign shares converting listing location to list and trade on the Main Board of Stock Exchange of Hong Kong by Means of Introduction"</p> | 2015-4-23       | <p>Juchao website<br/>(<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>)</p> <p>Announcement No.: 2015-019 2015-020</p> |
| <p>Discussed by the interim meeting of the seventh board of directors held on June 15, 2015, the company should hold the board and shareholders' meeting about converting B-share to H-share after the completion of non-public offering of A-share.</p>   | <p>"Announcement of the interim meeting resolution of the seventh board of directors"</p>   | 2015-6-16       | <p>Juchao website<br/>(<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>)</p> <p>Announcement No.: 2015-033</p>          |

## 3. Short-term Financing Bills

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 bills within RMB 2.2 billion limit. On 11 January 2013, National Association of Financial market Institutional Investors (NAFMII) 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 the 1st batch of 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 27 June 2014, the Company continued to issue the 2nd batch of short-term financing bills for the year with a total amount of RMB 700 million and annual interest rate of 5.10%, and the expiry date is 27 June 2015. On 25 August 2014, the Company continued to issue the 3rd batch of short-term financing bills for the year with a total amount of RMB 400 million and annual interest rate of 5.10%, and the expiry date is 25 August 2015.

On 23 April 2013, annual general meeting of 2012 of CSG Holding Co., Ltd deliberated and approved the proposal of short-term financing bills offering, agreed the application of issuing short-term financing bills with a total amount of no more than 40 percent of the Company's net assets (the issued short-term financing bills 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, valid for two 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, which was redeemed on 14 March 2015. On 22 April 2015, the Company issued the 1st batch of short-term financing bills for the year of 2015 with a total amount of RMB 0.6 billion and annual interest rate of 4.28%, and the expiry date is 23 April 2016. On 16-17 September 2015, the Company issued the 2nd batch of short-term financing bills for the year of 2015 with a total amount of RMB 0.4 billion and annual interest rate of 3.50%, and the expiry date is 17 September 2016.

For details, please refer to [www.chinabond.com.cn](http://www.chinabond.com.cn) and [www.chinamoney.com.cn](http://www.chinamoney.com.cn).

#### 4. Ultra-short-term financing bills

On 10 December 2014, the First Extraordinary Shareholders' General Meeting 2014 of CSG Holding Co., Ltd deliberated and approved the proposal of application for registration and issuance of ultra-short-term financing bills with registered capital of RMB 4 billion at most and validity within 2 years. On 21 May 2015, National Association of Financial Market Institutional Investors (NAFMII) held the 32<sup>nd</sup> registration meeting of 2015, in which NAFMII decided to accept the registration of the Company's ultra-short-term financing bills, amounting to RMB 4 billion and valid for two years. China Merchants Bank Co., Ltd., Shanghai Pudong Development Bank Co., Ltd., Industrial Bank Co., Ltd., China CITIC Bank Co., Ltd. and China Agriculture Bank Co., Ltd. were joint lead underwriters of these ultra-short-term financing bills, which could be issued by stages within period of validity of the registration.

On 12 June 2015, the Company issued the first batch of ultra-short-term financing bills for the year of 2015 with total amount of RMB 0.8 billion and valid term of 270 days at the issuance rate of 4.25%, which was redeemed on 11 March 2016. On 13 October 2015, the Company issued the second batch of ultra-short-term financing bills for the year of 2015 with total amount of RMB 1.1 billion and valid term of 270 days at the issuance rate of 3.81%, which will be redeemed on 11 July 2016. On 10 March 2016, the Company issued the first batch of ultra-short-term financing bills for the year of 2016 with total amount of RMB 0.8 billion and valid term of 270 days at the issuance rate of 3.15%, which will be redeemed on 6 December 2016.

For details, please refer to [www.chinabond.com.cn](http://www.chinabond.com.cn) and [www.chinamoney.com.cn](http://www.chinamoney.com.cn).

#### 5. Medium term notes

On 10 December 2014, the First Extraordinary Shareholders' General Meeting 2014 of CSG Holding Co., Ltd deliberated and approved the proposal of application for registration and issuance of medium term notes with total amount of RMB 1.2 billion at most. On 21 May 2015, National Association of Financial Market Institutional Investors (NAFMII) held the 32<sup>nd</sup> registration meeting of 2015, in which NAFMII decided to accept the registration of the Company's medium term notes, amounting to RMB 1.2 billion and valid for two years. China Merchants Bank Co., Ltd. and Shanghai Pudong Development Bank Co., Ltd. were joint lead underwriters of these medium term notes which could be issued by stages within within period of validity of the registration.

On 10 July 2015, the Company issued the first batch of medium term notes with total amount of RMB 1.2 billion and valid term of 5 years at the issuance rate of 4.94%, which will be redeemed on 14 July 2020.

For details, please refer to [www.chinabond.com.cn](http://www.chinabond.com.cn) and [www.chinamoney.com.cn](http://www.chinamoney.com.cn).

## **XIX. Significant events of subsidiaries of the Company**

☐ Applicable    ☒ Not applicable

## **XX. Social responsibilities**

☒ Applicable    ☐ Not applicable

2015 Annual Social Responsibilities Report of CSG was the 8<sup>th</sup> year the Company consecutively released social responsibilities

report, the report emphasized in 2015, systemically formulated the Company concrete actions of how to positively perform the social duties, and the efforts to implement the scientific development perspective, build a harmonious society, and advance the sustainable development of economic society through the spirit of Factualism, Innovation, Unity and Efficiency. See the full report on [www.cninfo.com.cn](http://www.cninfo.com.cn).

The listed company and subsidiaries is in the range of heavy pollution industry that regulated by State environment protection departments

☐Yes ☒No ☐Not applicable

## XXI. Issuance of corporate bonds

Whether the Company has corporate bonds publicly listed in Stock Exchange which are not matured or haven't completed the payment till the day when the annual report is approved and announced or not

Yes

### 1. The basic information of corporate bonds

| Name   | Short name   | Bond code | Issue date | Maturity date | Bond balance (RMB 0,000) | Interest rate | Way of repayment of principal and interest  |
|--|--|-----------|------------|---------------|--------------------------|---------------|---|
| Corporate bond in 2010 of CSG  | 10 CSG 01  | 112021    | 2010-10-20 | 2015-10-20    | 0                        | 5.33%         | Using simple interest year - on - year, non - compound interest, the interest is paid once a year and the principal is paid at a time once due, and the final interest is paid together with the principal. |
| Corporate bond in 2010 of CSG  | 10 CSG 02  | 112022    | 2010-10-20 | 2017-10-20    | 100,000                  | 5.33%         | Using simple interest year - on - year, non - compound interest, the interest is paid once a year and the principal is paid at a time once due, and the final interest is paid together with the principal. |
| Corporate bond listing or transfer trading place   | Shenzhen Stock Exchange  |           |            |               |                          |               |   |
| Appropriate arrangements for investors   | Corporate bond "10 CSG 02" establishes the sell-back option for investors, and its bondholders have the right to sell back all or part of their bonds at par to the issuer on October 20, 2015.  |           |            |               |                          |               |   |
| Interest payment and encashment of corporate bonds during the reporting period   | Corporate bond "10 CSG 01" expired on October 20, 2015. The Company completed the payment of principal and interest from October 20, 2014 to October 19, 2015 on October 20, 2015.<br>The Company completed the payment of interest from October 20, 2014 to October 20, 2015 on October 19, 2015 for "10 CSG 02" on October 20, 2015.   |           |            |               |                          |               |   |
| Implementation of the special provisions including option and exchangeable terms of issuers or investors attached to corporate | According to "10 CSG 02" investors sell back option terms established by "Corporate Bonds Listing Announcements of CSG Holding Co., Ltd. ", the Company disclosed " Announcement of the coupon rate adjustment of corporate bond '10 CSG 02' and the measures for the implementation of investors sell-back" (Announcement No.: 2015-047) on September 15, 2015, and respectively issued the first and second indicative announcements (Announcement No.: 2015-048, 2015-049) about the measures for the implementation of investors sell-back on September 17, 2015 and September 21, 2015. The Company |           |            |               |                          |               |   |

|   |   |
|---|---|
| bonds and the relevant provisions during the reporting period (if applicable) | decided not to raise the coupon rate at the end of the fifth year of the current corporate bonds duration, i.e. the coupon annual rate would still be 5.33% in the last two years of the current bonds duration and not change within 2 years after the bonds duration. Investors could sell back all or part of their "10 CSG 02" to the Company within the sell-back reporting day (from September 15, 2015 to September 21, 2015), and the price is RMB 100 per piece. In accordance with the bond sell-back declaration data provided by China Securities Depository and Clearing Corporation Limited Shenzhen Branch, the effective sell-back declaration quantity of corporate bond "10 CSG 02" of this time was 0, the sell-back amount was RMB 0, the remaining hosting amount was 10,000,000 pieces, please refer to "Announcements of the sell-back implementation results of corporate bond '10 CSG 02'" (Announcements No.: 2015-055) disclosed by the Company on October 21, 2015. |
|---|---|

## 2. Information of bond trustee and credit rating institution

|   |                                      |              |   |                |             |      |                |
|---|--------------------------------------|--------------|---|----------------|-------------|------|----------------|
| Bond trustee:   |                                      |              |   |                |             |      |                |
| Name  | China Merchants Securities Co., Ltd. | Office adds. | 38-45 floor, Ablock, Jiangsu Building, Yitian Road, Futian District, Shenzhen | Contact person | Nie Dongyun | Tel. | 0755-82960984  |
| Credit rating institution which tracks rating corporate bonds in the report period:   |                                      |              |   |                |             |      |                |
| Name  | CCXR                                 | Office adds. | 8 floor, Anji Building, 760 Tibet South Road, Huangpu District, Shanghai      |                |             |      |                |
| If bond trustee and credit rating institution engaged by the Company changed in the report period, explain the reason of the change, performance of the procedure, and the impact on the interest of investors etc. (if applicable) |                                      |              |   |                |             |      | Not applicable |

## 3. The use of fund raised by corporate bonds

|  |  |
|--|--|
| The use of fund raised by corporate bonds and performance of the procedure   | The raised fund is in strict accordance with the relevant provisions.  |
| Balance at the end of year   | 0  |
| The operation of the special account for raised fund   | The operation of the special account for raised fund is strictly accordance with the relevant provisions of prospectus commitment. |
| Whether the use of raised fund is consistent with the purpose, plan of use and other agreements of prospectus commitment | Consistent   |

## 4. Information of the rating of corporation bonds

According to CCXR' s track rating in 2015, the Company's subject credit rating is AA +, rating outlook is stable, and the bonds credit rating of the current period is evaluated as AA +.

## 5. Trust mechanism, debt repayment plans and other debt repayment safeguards of corporation bonds

During the report period, the trust mechanism, debt repayment plans and other debt repayment safeguards have not been changed which are the same as the relevant commitments of raising instruction manual, the relevant implementations are as follows:

### I. Debt repayment plan

The Company established the annual and monthly plan for application of funds based on the payment arrangement for coming due principal and interest of the corporation bonds, reasonably managed and allocated the funds so as to make sure the due principal and interest be paid in time. The capital sources for paying the corporation bonds in the report period were mainly the cash flow generated by the Company's operating activities and the bank loans.

In 2015, the Company paid the principal and interest of corporation bond "10 CSG 01" and interest of corporation bond "10 CSG 02" on time.

## II. Repayment safeguards for the Company's bonds

In order to fully and effectively maintained the interests of the bondholders, the Company has made a series plans for the timely and sufficient repayment for bonds in the report period, including confirming the specialized departments and personnel, arranging the funds for repayment, establishing the management measures, achieving the organization coordination, and strengthening information disclosure so as to form a set of safeguards to ensure the security payment of bond.

### (I) Establish the "Bondholders' Meeting Rules"

The Company has established the "Bondholders' Meeting Rules" for the corporation bonds in accordance with the "Pilot Approach for the Issuance of Corporation Bonds", appointed the range, procedures and other important matters for bondholders to exercise rights by bondholders' meeting and made reasonable institutional arrangements to ensure the principal and interest of the corporation bonds be paid timely and sufficiently.

### (II) Engage bond trustee

The Company has engaged China Merchants Securities Co., Ltd. as the trustee for the corporation bonds in accordance with the "Pilot Approach for the Issuance of Corporation Bonds", and signed the "Bond Trusteeship Agreement". In the duration of the corporation bonds, the bond trustee will maintain the interests of the Company's bondholders according to the agreement.

### (III) Establish the specialized reimbursement working group and set up special account for debt repayment

The Company used the funds raised from the bond strictly in accordance with the "Financial Management System" and "Financial Funds Management Approach". The Company has appointed the financial department to take the lead and take charge of the repayment of corporation bonds, implement and arrange the repayment funds for principal and interest of corporation bonds in the annual financial budget so as to ensure the principal and interest be paid on time and guarantee the interests of bondholders. Within 15 working days before the annual interest pay day and annual principal pay day of corporation bonds, the Company specially establishes a working group of which the members are composed of personnel from the company's financial management department to take charge of the repayment of interests and other relevant work. The Company guarantees the funds for payment of interest will be sent to the special repayment account three days before the annual interest payment and the funds for cashing principle will be sent to the special repayment account one week before the due date of corporation bonds, the special repayment account will pay both the principle and interest.

### (IV) Improve profitability, strengthen funds management, and optimize debt structure

The Company has a rigorous financial system and a normative management system, account receivable turnover and inventory turnover are in good status, the Company's financial policies are steady, and the structure of assets and liabilities is reasonable. The Company will continue its efforts to enhance the profitability of main business and the market competitiveness of products so as to improve the Company's return on assets; the Company also will continue to strengthen the management of accounts receivable and inventory so as to improve accounts receivable turnover and inventory turnover, and thereby enhance the Company's ability to obtain cash.

## (V) Strict information disclosure

The Company follows the principle of truly, accurately and completely disclosing information so that the Company's debt paying ability and use of proceeds can be under the supervision of the bondholders, bond trustee and shareholders to prevent debt repayment risk.

## (VI) Other safeguards

When the Company cannot pay interest and principal on time or has other breach of contracts, the Company will at least take following measures:

1. Do not distribute profits to shareholders.
2. Postpone the implementation of capital expenditure projects such as major foreign investment, mergers and acquisitions.

## 6. Information about the bond-holder meeting during the reporting period

There was no bond-holder meeting convened in the report period.

## 7. Information about the obligations fulfilled by the bond trustee in the report period

Bond trustee perform their duties as the agreement during the report period.

The Company disclosed the "2010 Annual Corporate Bonds Trusteeship Transaction Report (2014)" prepared by China Merchants Securities Co., Ltd. at Juchao website (<http://www.cninfo.com.cn>) on April 14, 2015, to which investors are welcomed to refer.

## 8. The key accounting data and financial indicators of the latest two years to the end of the report period

RMB 0,000

| Item  | 2015       | 2014       | Rate of change over the same period |
|---|------------|------------|-------------------------------------|
| Earnings before interest tax depreciation and amortiation | 181,276.38 | 193,167.63 | -6.16%                              |
| Net cash flow form investing activities                   | -57,821.86 | -89,960.12 | -35.73%                             |
| Net cash flow form financing activities                   | -10,008.35 | -62,628.44 | -84.02%                             |
| Balance of cash and cash equivalents at period-end        | 57,474.49  | 15,683.83  | 266.46%                             |
| Flow rate   | 43%        | 24%        | 19%                                 |
| Assets liabilities rate                                   | 49%        | 43%        | 6%                                  |
| Speed ratio   | 36%        | 17%        | 19%                                 |
| Total debt ratio of EBITDA                                | 24%        | 30%        | -6%                                 |
| Interest coverage ratio                                   | 3.46       | 4.76       | -27.31%                             |
| Cash interest coverage ratio                              | 5.45       | 7.78       | -29.95%                             |
| interest coverage ratio of EBITDA                         | 6.30       | 7.66       | -17.75%                             |
| Loan repayment rate                                       | 100%       | 100%       | 0%                                  |
| interest coverage ratio                                   | 100%       | 100%       | 0%                                  |

The main reason of the above main accounting data and financial indicators changed more than 30% y-o-y

√Applicable    □ Not applicable

The change of net cash flow from investing activities was mainly because the cash paid for the construction of fixed assets decreased.  
The increase of net cash flow from financing activities was mainly because of the increase of bank borrowings of the year.  
The increase of balance of cash and cash equivalents at period-end was mainly because of the increase of monetary funds.

## 9. Information about the limited asset right by the end of the report period

| Item          | The limited amount | Reason for limitation   |
|---------------|--------------------|---|
| Monetary fund | RMB 4,089,643      | The Company's guarantee deposit for the application of opening letter of credit and loan from the bank. |

## 10. Payment of principle and interest for other bonds and debt financing instruments during the report period

Short-term financing bills

On March 14, 2015, the Company completed the repayment of the short-term financing bills with total amount of RMB 0.5 billion and valid term of one year at the issuance rate of 5.65%, which issued on March 14, 2014.

On June 27, 2015, the Company completed the repayment of the short-term financing bills with total amount of RMB 0.7 billion and valid term of one year at the issuance rate of 5.10%, which issued on June 27, 2014.

On August 25, 2015, the Company completed the repayment of the short-term financing bills with total amount of RMB 0.4 billion and valid term of one year at the issuance rate of 5.10%, which issued on August 25, 2014.

## 11. Information about of bank credit and use, as well as repayment of bank loans during the report period

In the report period, the Company gained bank credit of RMB 6,720.38 million and use quota of RMB 836.07 million and repaid loans of RMB 5,732.45 million.

## 12. Information about fulfillment of the stipulations or commitments specified in the Prospectus of the issuance of the bonds during the report period

Nil

## 13. Significant event occurring during the report period

Nil

## 14. Whether there is a guarantor of corporate bonds

☐ Yes ☒ No

## Section VI. Changes in Shares and Particulars about Shareholders

### I. Changes in Share Capital

#### 1. Changes in Share Capital

Unit: Share

|   | Before the Change |                | Increase/Decrease in the Change (+, -) |              |                                  |            |            | After the Change |                |
|---|-------------------|----------------|--|--------------|----------------------------------|------------|------------|------------------|----------------|
|   | Amount            | Proportion (%) | New shares issued                      | Bonus shares | Capitalization of public reserve | Others     | Subtotal   | Amount           | Proportion (%) |
| I. Restricted shares                      | 10,060,247        | 0.48%          |  |              |                                  | -1,380,581 | -1,380,581 | 8,679,666        | 0.42%          |
| 1. State-owned shares                     | 0                 | 0%             |  |              |                                  | 0          | 0          | 0                | 0%             |
| 2. State-owned legal person's shares      | 0                 | 0%             |  |              |                                  | 0          | 0          | 0                | 0%             |
| 3. Other domestic shares                  | 10,060,247        | 0.48%          |  |              |                                  | -1,380,581 | -1,380,581 | 8,679,666        | 0.42%          |
| Including: Domestic legal person's shares | 0                 | 0%             |  |              |                                  | 0          | 0          | 0                | 0%             |
| Domestic natural person's shares          | 10,060,247        | 0.48%          |  |              |                                  | -1,380,581 | -1,380,581 | 8,679,666        | 0.42%          |
| 4. Foreign shares                         | 0                 | 0%             |  |              |                                  | 0          | 0          | 0                | 0%             |
| Including: Foreign legal person's shares  | 0                 | 0%             |  |              |                                  | 0          | 0          | 0                | 0%             |
| Foreign natural person's shares           | 0                 | 0%             |  |              |                                  | 0          | 0          | 0                | 0%             |
| II. Unrestricted shares                   | 2,065,275,313     | 99.52%         |  |              |                                  | 1,380,581  | 1,380,581  | 2,066,655,894    | 99.58%         |
| 1. RMB Ordinary shares                    | 1,302,768,571     | 62.77%         |  |              |                                  | 1,303,331  | 1,303,331  | 1,304,071,902    | 62.84%         |
| 2. Domestically listed foreign shares     | 762,506,742       | 36.75%         |  |              |                                  | 77,250     | 77,250     | 762,583,992      | 36.75%         |
| 3. Overseas listed foreign shares         | 0                 | 0%             |  |              |                                  | 0          | 0          | 0                | 0%             |
| 4. Others                                 | 0                 | 0%             |  |              |                                  | 0          | 0          | 0                | 0%             |
| III. Total shares                         | 2,075,335,560     | 100%           |  |              |                                  |            |            | 2,075,335,560    | 100%           |

Reasons for share changed

√ Applicable   □ Not applicable

Removal &amp; engagement for senior executives

Approval of share changed

□ Applicable   √ Not applicable

Ownership transfer for changed shares

□ Applicable   √ Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in the latest year and period

☐ Applicable    ☒ Not applicable

Other information necessary to be disclosed or need to be disclosed under requirement from security regulators

☐ Applicable    ☒ Not applicable

## 2. Changes of restricted shares

☒ Applicable    ☐ Not applicable

Unit: Share

| Shareholder's name | Number of shares restricted at Period-begin | Number of shares released in the Year | Number of new shares restricted in the Year | Number of shares restricted at Period-end | Restriction reasons   | Released date |
|--------------------|---|---------------------------------------|---|---|---|---------------|
| Ding Jiuru         | 1,030,781                                   | 1,030,781                             | 0   | 0   | On 27 March 2015, Mr. Ding Jiuru no longer held the post of senior executive. According to relevant requirements, all the shares held by Mr. Ding Jiuru had to be locked up for six months.                                   | 2015-9-28     |
| Zhang Bozhong      | 349,800                                     | 349,800                               | 0   | 0   | On 22 May 2015, Mr. Zhang Bozhong who used to be a senior executive of the Company resigned from his office. According to relevant requirements, all the shares held by Mr. Zhang Bozhong had to be locked up for six months. | 2015-11-23    |
| Total              | 1,380,581                                   | 1,380,581                             | 0   | 0   | --  | --            |

## II. Issuance and listing of Securities

### 1. Security issued (excluding preferred stock) in the report period

☐ Applicable    ☒ Not applicable

### 2. Particulars about changes of total shares and shareholder structure as well as changes of assets and liability structure

☐ Applicable    ☒ Not applicable

### 3. Existing internal staff shares

☐ Applicable    ☒ Not applicable



### III. Particulars about shareholder and actual controller of the Company

#### 1. Amount of shareholders of the Company and particulars about shares holding

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                            |        |
| Shareholder with above 5% shares hold or top 10 shareholders    |                                       |  |   |  |                                  |  |                                |        |
| Full name of Shareholders                                       | Nature of shareholder                 | Proportion of shares held (%)  | Total shares held at the end of report period | Changes in report period   | Amount of restricted shares held | Amount of un-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                                   | 229,953,675  |                                  | 229,953,675  |                                |        |
| Foresea Life Insurance Co., Ltd. – universal insurance products | Domestic non state-owned legal person | 3.92%  | 81,405,744                                    | 81,405,744   |                                  | 81,405,744   |                                |        |
| China Northern Industries Corporation                           | State-owned legal person              | 3.62%  | 75,167,934                                    | 0  |                                  | 75,167,934   |                                |        |
| Shenzhen Jushenghua Co., Ltd.                                   | Domestic non state-owned legal person | 2.87%  | 59,552,120                                    | 59,552,120   |                                  | 59,552,120   |                                |        |
| Foresea Life Insurance Co., Ltd. –own fund                      | Domestic non state-owned legal person | 1.95%  | 40,519,788                                    | 40,519,788   |                                  | 40,519,788   |                                |        |
| Central Huijin Investment Ltd.                                  | Domestic non state-owned legal person | 1.92%  | 39,811,300                                    | 39,811,300   |                                  | 39,811,300   |                                |        |
| Shen International Holdings (Shenzhen) Co., Ltd.                | Domestic non state-owned legal person | 1.78%  | 37,040,200                                    | -16,888,613  |                                  | 37,040,200   |                                |        |
| China Galaxy International Securities (H.K.) Co., Ltd.          | Foreign legal person                  | 1.40%  | 29,072,612                                    | 29,072,612   |                                  | 29,072,612   |                                |        |
| China Securities Finance  | Domestic non                          | 1.27%  | 26,357,447                                    | 26,357,447   |                                  | 26,357,447   |                                |        |

|  |  |       |   |                                    |             |            |  |  |
|--|--|-------|---|------------------------------------|-------------|------------|--|--|
| Corporation  | state-owned legal person   |       |   |                                    |             |            |  |  |
| Haitong International Securities Company Limited-Account Client  | Foreign legal person   | 1.15% | 23,896,635                                    | 23,896,635                         |             | 23,896,635 |  |  |
| Strategic investors or general legal person becomes top 10 shareholders due to shares issued (if applicable) | N/A  |       |   |                                    |             |            |  |  |
| Explanation on associated relationship among the aforesaid 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 27,625,299 shares via China Galaxy International Securities (H.K.) Co., Ltd.<br><br>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. |       |   |                                    |             |            |  |  |
| Particular about top ten shareholders with un-restrict shares held   |  |       |   |                                    |             |            |  |  |
| Shareholders' name   |  |       | Amount of un-restrict shares held at year-end | Type of shares                     |             |            |  |  |
|  |  |       |   | Type                               | Amount      |            |  |  |
| Foresea Life Insurance Co., Ltd. – Haili Niannian  |  |       | 229,953,675                                   | RMB ordinary shares                | 229,953,675 |            |  |  |
| Foresea Life Insurance Co., Ltd. – universal insurance products  |  |       | 81,405,744                                    | RMB ordinary shares                | 81,405,744  |            |  |  |
| China Northern Industries Corporation  |  |       | 75,167,934                                    | RMB ordinary shares                | 75,167,934  |            |  |  |
| Shenzhen Jushenghua Co., Ltd.  |  |       | 59,552,120                                    | RMB ordinary shares                | 59,552,120  |            |  |  |
| Foresea Life Insurance Co., Ltd. –own fund   |  |       | 40,519,788                                    | RMB ordinary shares                | 40,519,788  |            |  |  |
| Central Huijin Investment Ltd.   |  |       | 39,811,300                                    | RMB ordinary shares                | 39,811,300  |            |  |  |
| Shen International Holdings (Shenzhen) Co., Ltd.   |  |       | 37,040,200                                    | RMB ordinary shares                | 37,040,200  |            |  |  |
| China Galaxy International Securities (H.K.) Co., Ltd.   |  |       | 29,072,612                                    | Domestically listed foreign shares | 29,072,612  |            |  |  |
| China Securities Finance Corporation   |  |       | 26,357,447                                    | RMB ordinary shares                | 26,357,447  |            |  |  |
| Haitong International Securities Company Limited-Account Client  |  |       | 23,896,635                                    | Domestically listed foreign shares | 23,896,635  |            |  |  |
| 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 27,625,299 shares via China Galaxy International Securities (H.K.) Co., Ltd.   |       |   |                                    |             |            |  |  |

|   |  |
|---|--|
|   | 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) | 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.                       |

Buy back deals carried out by the shareholders in the report period

☐ Yes ☒ No

There were no buy back deals carried out by the shareholders in the report period.

## 2. Controlling shareholder of the Company

Not exist

Explanation on the Company without controlling shareholder

Currently the Company has no controlling shareholder. Foresea Life Insurance Co., Ltd. is the Company's largest shareholder that has totally held 357,379,060 shares of the Company via Foresea Life Insurance Co., Ltd.–Haili Niannian, Foresea Life Insurance Co., Ltd.–universal insurance products, Foresea Life Insurance Co., Ltd.–own fund, Foresea Life Insurance Co., Ltd.–a combination of its own funds together with Huatai till the end of the report period, which accounts for 17.22% of the Company's total share; its related legal person Shenzhen Jushenghua Co., Ltd. held 59,552,120 shares, which accounts for 2.87% of the Company's total share; its related legal person Chengtai Group Co., Ltd. held 35,544,999 shares of B-share via China Galaxy International Securities (Hong Kong) Co., Ltd and Guosen Securities (Hong Kong) Brokerage Co., Limited, which accounts for 1.71% of the Company's total share. Foresea Life Insurance and its related legal persons totally held 21.8% of the Company's total share, which is less than 30%, meanwhile, the number of directors recommended by Foresea Life Insurance and its related legal persons was no more than one third of total number of the Company's board of directors.

Other shareholders of the Company hold less than 5% of the shares.

Changes of controlling shareholders in reporting period

☐ Applicable ☒ Not applicable

## 3. Actual controller of the Company

Not exist

Explanation on the Company without actual controller

Currently the Company has no actual controller. Foresea Life Insurance Co., Ltd. is the Company's largest shareholder that has totally held 357,379,060 shares of the Company via Foresea Life Insurance Co., Ltd.–Haili Niannian, Foresea Life Insurance Co., Ltd.–universal insurance products, Foresea Life Insurance Co., Ltd.–own fund, Foresea Life Insurance Co., Ltd.–a combination of its own funds together with Huatai till the end of the report period, which accounts for 17.22% of the Company's total share; its related legal person Shenzhen Jushenghua Co., Ltd. held 59,552,120 shares, which accounts for 2.87% of the Company's total share; its related legal person Chengtai Group Co., Ltd. held 35,544,999 shares of B-share via China Galaxy International Securities (Hong Kong) Co., Ltd and Guosen Securities (Hong Kong) Brokerage Co., Limited, which accounts for 1.71% of the Company's total share. Foresea Life Insurance and its related legal persons totally held 21.8% of the Company's total share, which is less than 30%, meanwhile, the number of directors recommended by Foresea Life Insurance and its related legal persons was no more than one third of total number of the Company's board of directors.

Shareholders with over 10% shares held in ultimate controlling level

☒Yes    ☐No

Legal person

Shares held in ultimate controlling level

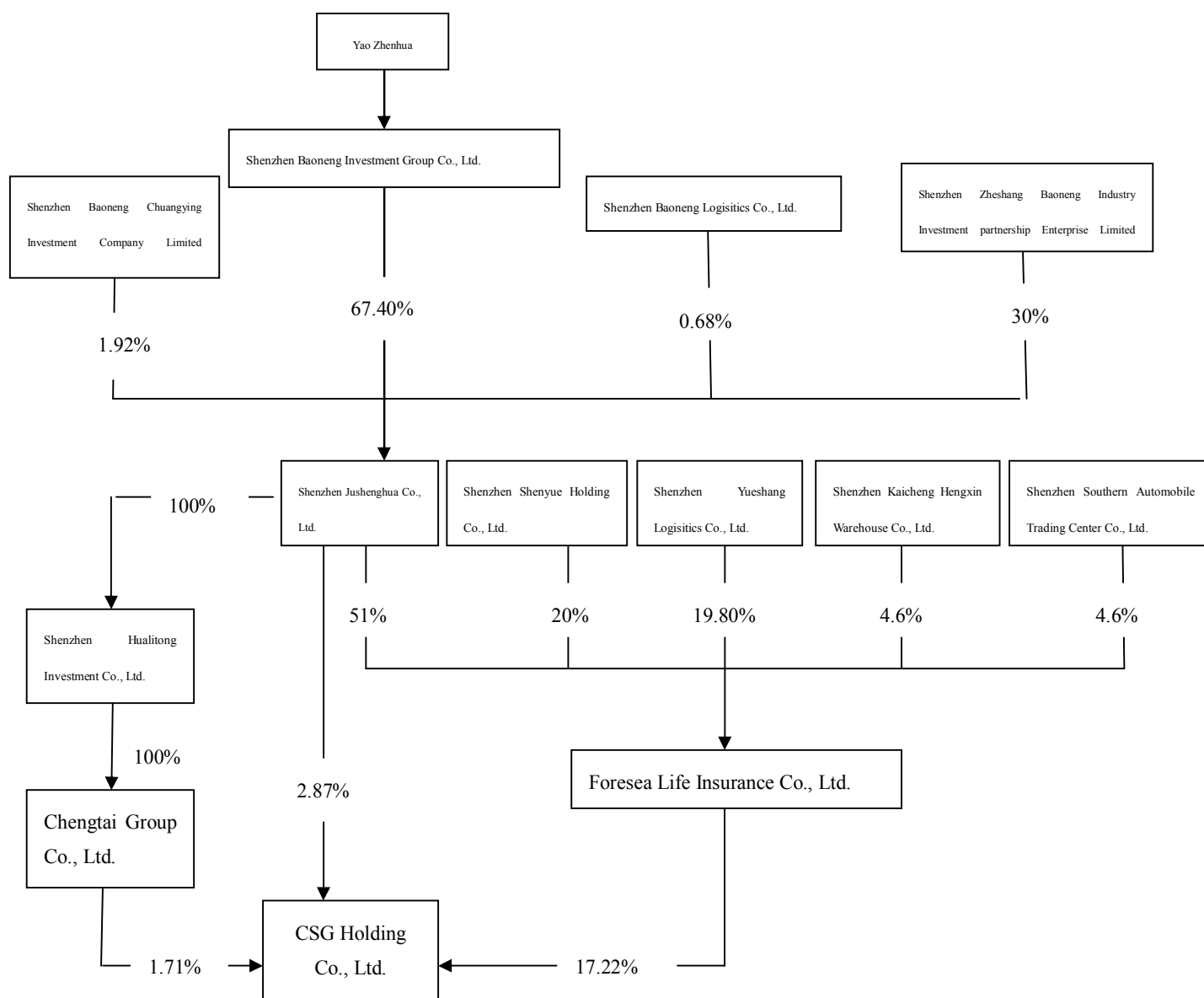
| Shareholders   | Nationality  | Whether to obtain the right of abode in other countries or regions |
|--|--|--|
| Yao Zhenhua  | China  | No   |
| Major occupations and duties   | Take posts of chairman of Foresea Life Insurance Co., Ltd. and chairman of Shenzhen Baoneng Investment Co., Ltd. |  |
| Situation of holding domestic and abroad listed companies over the past 10 years | N/A  |  |

Changes of actual controller in the report period

☐ Applicable    ☒ Not applicable

There was no change of actual controller of the Company in the report period.

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



Actual controller controlling of the Company by entrust or other assets management

☐ Applicable ☒ Not applicable

#### 4. Particulars about other legal person shareholders holding over 10% shares

☐ Applicable ☒ Not applicable

#### 5. Limitation on share reduction of controlling shareholders, actual controllers, Recombination party and other commitment subjects

☐ Applicable ☒ Not applicable

## Section VII. Particulars about Directors, Supervisors, Senior Executives and Employees

### I. Changes of shares held by directors, supervisors and senior executives

| Name          | Title   | Working status      | Sex | Age | Start dated of office term | End date of office term | Shares held at period-begin (Share) | Amount of shares increase d in this period (Share) | Amount of shares decrease d in this period (Share) | Other change s (share) | Shares held at period-end( Share) |
|---------------|---|---------------------|-----|-----|----------------------------|-------------------------|-------------------------------------|--|--|------------------------|-----------------------------------|
| Zeng Nan      | Chairman of the Board, Director of strategic and operational management committee | Currently in office | M   | 71  | 2008-4-10                  | 2017-4-15               | 4,500,388                           | 0  | 0  | 0                      | 4,500,388                         |
| Zhang Jianjun | Independent Director  | Currently in office | M   | 51  | 2011-4-15                  | 2017-4-15               |                                     |  |  |                        |                                   |
| Fu Qilin      | Independent Director  | Currently in office | M   | 61  | 2012-4-17                  | 2017-4-15               |                                     |  |  |                        |                                   |
| Du Wenjun     | Independent Director  | Currently in office | F   | 47  | 2014-4-15                  | 2017-4-15               |                                     |  |  |                        |                                   |
| Wu Guobin     | Director/CEO  | Currently in office | M   | 51  | 2014-4-15                  | 2017-4-15               | 1,810,000                           | 0  | 0  | 0                      | 1,810,000                         |
| Chen Lin      | Director  | Currently in office | F   | 44  | 2016-1-21                  | 2017-4-15               |                                     |  |  |                        |                                   |
| Wang Jian     | Director  | Currently in office | M   | 52  | 2016-1-21                  | 2017-4-15               |                                     |  |  |                        |                                   |
| Ye Weiqing    | Director  | Currently in office | F   | 44  | 2016-1-21                  | 2017-4-15               |                                     |  |  |                        |                                   |
| Cheng Xibao   | Director  | Currently in office | F   | 34  | 2016-1-21                  | 2017-4-15               |                                     |  |  |                        |                                   |
| Long Long     | Chairman of the Supervisory   | Currently in office | M   | 60  | 2011-4-15                  | 2017-4-15               |                                     |  |  |                        |                                   |

|               | Committee               |                     |    |    |            |            |            |   |         |   |            |
|---------------|-------------------------|---------------------|----|----|------------|------------|------------|---|---------|---|------------|
| Hong Guo'an   | Supervisor              | Currently in office | M  | 61 | 2011-4-15  | 2017-4-15  |            |   |         |   |            |
| Yan Wendou    | Supervisor              | Currently in office | M  | 48 | 2014-3-15  | 2017-4-15  |            |   |         |   |            |
| Luo Youming   | Chief Financial Officer | Currently in office | M  | 53 | 2005-11-22 | 2017-4-15  | 1,790,000  | 0 | 0       | 0 | 1,790,000  |
| Ke Hanqi      | Vice president          | Currently in office | M  | 50 | 2015-5-18  | 2017-4-15  | 1,730,000  | 0 | 0       | 0 | 1,730,000  |
| Zhang Fan     | Vice president          | Currently in office | M  | 50 | 2012-12-3  | 2017-4-15  | 1,530,000  | 0 | 0       | 0 | 1,530,000  |
| Zhou Hong     | Secretary of the Board  | Currently in office | F  | 50 | 2012-3-23  | 2017-4-15  | 212,500    | 0 | 0       | 0 | 212,500    |
| Li Jingqi     | Director                | Post leaving        | M  | 59 | 2000-5-12  | 2015-12-10 |            |   |         |   |            |
| Guo Yongchun  | Director                | Post leaving        | M  | 48 | 2005-4-22  | 2015-11-4  |            |   |         |   |            |
| Chen Chao     | Director                | Post leaving        | M  | 60 | 2014-4-15  | 2015-12-22 |            |   |         |   |            |
| Yan Ganggang  | Director                | Post leaving        | M  | 56 | 2007-4-20  | 2015-12-22 |            |   |         |   |            |
| Ding Jiuru    | Vice president          | Post leaving        | M  | 53 | 2013-8-2   | 2015-3-27  | 1,374,375  | 0 | 218,000 | 0 | 1,156,375  |
| Zhang Bozhong | Vice president          | Post leaving        | M  | 51 | 2014-4-15  | 2015-5-22  | 466,400    | 0 | 352,400 | 0 | 114,000    |
| Total         | --                      | --                  | -- | -- | --         | --         | 13,413,663 | 0 | 570,400 | 0 | 12,843,263 |

## II. Changes of directors, supervisors and senior executives

| Name         | Title    | Type         | Date       | Reasons   |
|--------------|----------|--------------|------------|---|
| Chen Lin     | Director | Be elected   | 2016-1-21  | By-election of directors  |
| Wang Jian    | Director | Be elected   | 2016-1-21  | By-election of directors  |
| Ye Weiqing   | Director | Be elected   | 2016-1-21  | By-election of directors  |
| Cheng Xibao  | Director | Be elected   | 2016-1-21  | By-election of directors  |
| Li Jingqi    | Director | Post leaving | 2015-12-10 | Resigned from the 7 <sup>th</sup> board of directors of the Company due to changes of personal jobs |
| Guo Yongchun | Director | Post leaving | 2015-11-4  | Resigned from the 7 <sup>th</sup> board of directors of the Company due to changes of personal jobs |

|               |                |              |            |   |
|---------------|----------------|--------------|------------|---|
| Chen Chao     | Director       | Post leaving | 2015-12-22 | Resigned from the 7 <sup>th</sup> board of directors of the Company for personal reason |
| Yan Ganggang  | Director       | Post leaving | 2015-12-22 | Resigned from the 7 <sup>th</sup> board of directors of the Company for personal reason |
| Ding Jiuru    | Vice president | Dismissal    | 2015-3-27  | Due to the need of business development, the Company adjusted executives                |
| Zhang Bozhong | Vice president | Dismissal    | 2015-5-22  | Resigned from vice president of the Company for personal reason                         |

### III. Post-holding

Major professional background, working experience of directors, supervisors and senior executive and their major responsibility in the Company at present

**Zeng Nan**, took posts of Director General Manager, Director President and Vice Chairman of the Board in the Company. At present, he is the Chairman of the Board and Director of strategic and operational management committee.

**Zhang Jianjun**, took posts of Dean and Professor of Economy College of Shenzhen University and Independent Director of Shenzhen Gas Corporation Ltd., Independent Director of Tapai Group and Independent Director of Shenzhen Chiwan Wharf Holdings Limited. At present, he is the Director and Professor of Accounting and Finance Research Institution of Shenzhen University, Independent Director of the Company, Independent Director of Shenzhen Airport Co., Ltd, Independent director of Shenzhen MYS Environmental Protection & Technology Company Ltd., Independent director of Shenzhen Topway Video Communication Co., Ltd., and Independent director of Jieshun Science & Technology Industry Co., Ltd.

**Fu Qilin**, took posts of Dean of Law School of Jinan University, Dean of Law School of Capital University of Economics & Business, now he is the professor and doctoral adviser of China University of Political Science & Law, Independent Director of the Company.

**Du Wenjun**, took the post of group leader of IT research group of the institute of Jun An Securities Co., Ltd., director General Manager of the acquisition & merger headquarter of Guotai Junan Securities Co., Ltd., investment director of Guotai Junan Innovation Investment Co., Ltd., assistant president of Guohai Securities Co., Ltd., general manager of Sealand Innovation Capital Investment Management Co., Ltd. At present, she is Chairman of Sealand Innovation Capital Investment Management Co., Ltd., independent director of Shenzhen Gas Corporation Ltd. and Independent Director of the Company.

**Wu Guobin**, took posts of Assistant to the General Manager of the Company, Secretary of the Board, Vice president of the Company and president of architectural glass division of the Company. At present, he is Director and CEO of the Company.

**Chen Lin**, took posts of General Manager's Secretary in Shenzhen Juhua Investment and Development Co., Ltd., Department Manager and General Manager Assistant in Shenzhen Shum Yip Logistics Group Co., Ltd. At present, she is Chairman of board of supervisors of Foresea Life Insurance Co., Ltd., Vice-general Manager of Shenzhen Shum Yip Logistics Group Co., Ltd., and Director of Guangdong Shaoneng Group Company Limited and Director of the Company.

**Wang Jian**, took posts of General Manager (Legal Representative) and Executive Director of China North Industries Tianjin Corporation, Director and General Manager and Senior consultant of China North Vehicle Co., Ltd., and Director, Vice-president and President of Shanghai Nonferrous Metals E-Commerce Co., Ltd. At present, he is General Manager of investment management department of China North Industries Corporation, Legal Representative and President in Chengdu Yinhe Dynasty Hotel Co., Ltd., Director and Vice-president of Shenzhen Baoyin Electricity Co., Ltd., President of North Property Development Company Limited and Director of the Company.

**Ye Weiqing**: took posts of Financial Administrator, Senior Vice President and Director in Shenzhen Baoneng Investment Group Co.,



Ltd. At present, she is Chairman and General Manager in Shenzhen Jushenghua Co., Ltd., Director of Foresea Life Insurance Co., Ltd., Chairman and General Manager of Baoneng Real Estate Co., Ltd. and Director of the Company.

**Cheng Xibao:** took posts of Deputy Manager and Manager of financial department of Huizhou Olympic Garden Co., Ltd., which is a subsidiary of China Sports Group Industry, Manager of financial department of Shenzhen Xuansheng Investment Co., Ltd., which is a subsidiary of Foxconn, and Manager, Assistant Director and Routine Assistant Director of financial department of Shenzhen Baoneng Investment Group Co., Ltd. At present, she is Assistant President of Shenzhen Baoneng Investment Group Co., Ltd. and Director of the Company.

**Long Long,** took posts of Vice Chief of External Development Research Department and Chief of Surrounding Region Research of China Comprehensive Development Research Institute, independent director of Guizhou Huaneng Jiaohua Co., Ltd., independent director of Shenzhen Jinjia Printing Group Co., Ltd. At present, he is Director of Council of China Comprehensive Development Research Institute (Shenzhen, China), Director of Industrial Economy Research Center, committee members of the Shenzhen Policy Consultative Committee, Chairman of Supervisory of the Company, director of Guangdong Shirongzhaoye Co., Ltd. and director of Shenzhen Jinjia Printing Group Co., Ltd.

**Hong Guoan,** took posts of successively served as partner and senior lawyer as well as the business committee member of management committee of Guangdong Xingchen Law Firm, Partner of Shanghai Jianwei (Shenzhen) Law Firm. At present, he is the Deputy chairman/senior lawyer of Zhonglun W&D Law Firm and supervisor of the Company.

**Yan Wendou,** successively served as Manager of auditing department, At present, he is Manager of audit department of the Company and staff supervisor of the Company.

**Luo Youming,** took posts of Assistant Chief Financial Officer of the Company. At present, he is Chief Financial Officer in the Company.

**Ke Hanqi,** took posts of General Manager of Fine Glass Department of the Company, Director, Vice President of the Company and President of Solar Energy Department in the Company. At present, he is Vice President of the Company.

**Zhang Fan,** took posts of General Manager of Float Glass Department of the Company and Assistant to the President of the Company, Vice President of the Company and President of Flat Glass Department in the Company. At present, he is Vice President of the Company.

**Zhou Hong,** took posts of Director of Hong Kong Asia Global Security Co., Ltd. and independent director of Shenzhen Evoc Intelligent Technology Co., Ltd.. At present, she is Secretary of the Board and Manager of securities department of the Company.

Post-holding in shareholder's unit

√Applicable    □ Not applicable

| Name                                       | Name of shareholder's unit            | Position in shareholder's unit            | Start dated of office term | End date of office term | Received remuneration from shareholder's unit or not |
|--|---------------------------------------|---|----------------------------|-------------------------|--|
| Chen Lin                                   | Foresea Life Insurance Co., Ltd.      | Chairman of Supervisory                   | 2012-4                     | --                      | Yes  |
| Wang Jian                                  | China North Industrial Corporation    | GM of investment and operation department | 2012-4                     | --                      | Yes  |
| Ye Weiqing                                 | Shenzhen Jushenghua Co., Ltd.         | Chairman                                  | 2009-11                    | --                      | No   |
| Ye Weiqing                                 | Foresea Life Life Insurance Co., Ltd. | Director                                  | 2012-4                     | --                      | No   |
| Note of post-holding in shareholder's unit |                                       | N/A                                       |                            |                         |  |

Post-holding in other unit

√Applicable    □Not applicable

| Name          | Name of other units   | Position in other unit n      | Start dated of office term | End date of office term | Received remuneration from other unit or not |
|---------------|---|-------------------------------|----------------------------|-------------------------|--|
| Zhang Jianjun | Accounting & Finance Institute of Shenzhen University           | Director, professor           | Jan. 2007                  | --                      | Yes  |
| Zhang Jianjun | Shenzhen Airport Co., Ltd.                                      | Independent director          | Dec. 2010                  | --                      | Yes  |
| Zhang Jianjun | Shenzhen MYS Environmental Protection & Technology Company Ltd. | Independent director          | Sep. 2013                  | --                      | Yes  |
| Zhang Jianjun | Shenzhen Topway Video Communication Co., Ltd.                   | Independent director          | Dec. 2013                  | --                      | Yes  |
| Zhang Jianjun | Shenzhen Jieshun Technology Industry Co., Ltd.                  | Independent director          | Dec. 2015                  | --                      | Yes  |
| Fu Qilin      | China University of Political Science & Law                     | Professor, doctoral advisor   | Dec. 2011                  | --                      | Yes  |
| Du Wenjun     | Sealand Innovation Capital Investment Management Co., Ltd.      | Chairman of the Board         | Sep. 2015                  | --                      | Yes  |
| Du Wenjun     | Shenzhen Gas Corporation Ltd.                                   | Independent director          | May 2010                   | --                      | Yes  |
| Chen Lin      | Shenzhen Shenye Logistics Group Co., LTD                        | Vice GM                       | Aug. 2011                  | --                      | Yes  |
| Chen Lin      | Guangdong Shaoneng Group Co., LTD                               | Director                      | Nov. 2015                  | --                      | No   |
| Wang Jian     | Galaxy Wang Dynasty Hotel Co., LTD                              | Chairman                      | Apr. 2012                  | --                      | No   |
| Wang Jian     | Shenzhen Baoyin Appliance Co., LTD                              | Director, vice chairman       | Sep.2012                   | --                      | No   |
| Wang Jian     | North Property Development Co.,LTD                              | Chairman                      | May 2014                   | --                      | No   |
| Ye Weiqing    | Baoneng Real Estate Co., LTD.                                   | Chairman, GM                  | May 2012                   | --                      | No   |
| Cheng Xibao   | Shenzhen Baoneng Investment Group Co., LTD                      | Assistant of the president    | Jan. 2016                  | --                      | Yes  |
| Long Long     | CDI (Shenzhen. China) council; CIE                              | Director, chief               | June 1990                  | --                      | Yes  |
| Long Long     | Guangdong Shirong Zhaoye Co., Ltd.                              | Director                      | Dec. 2008                  | --                      | Yes  |
| Long Long     | Shenzhen Jinjia Printing Group Co., Ltd.                        | Director                      | March 2014                 | --                      | Yes  |
| Hong Guo'an   | Zhonglun W&D Law Firm   | Deputy chairman/Senior lawyer | Aug 2012                   | --                      | Yes  |

Punishment of securities regulatory authority in the last three years to the Company's current and retired directors, supervisors and senior management during the report period

□ Applicable    √ Not applicable

## IV. Remuneration for directors, supervisors and senior executives

Decision-making procedures, recognition basis and payment for directors, supervisors and senior executives

1. Decision-making procedures: Allowances for independent directors and external supervisors are planned and protocoled by Remuneration & Assessment Committee of the Board and approved by Shareholders' General Meeting after deliberation of the Board. Remuneration for senior executives is proposed by Remuneration & Assessment Committee of the Board and decided by the Board after discussion.

2. Confirmation basis of remuneration: Allowances for independent directors and external supervisors are confirmed based on industry standards and real situation of the Company. Remuneration for senior executives implements floating reward mechanism with reference to basic salary and business performance. Bonus for performance rewards is withdrawal by proportion quarterly according to return on equity and based on the total net profit after taxation.

3. Actual remuneration payment: Allowances for independent directors and external supervisors are RMB 100,000 per year. The total remuneration for senior executives in the report period was RMB 5.6039 million.

Remuneration for directors, supervisors and senior executives in the period

Unit: RMB 0,000

| Name          | Title  | Sex | Age | Post-holding status | Total remuneration obtained from the Company before taxation | Received remuneration from related party of the Company or not |
|---------------|--|-----|-----|---------------------|--|--|
| Zeng Nan      | Chairman of the Board/Director of strategic and operational management committee | M   | 71  | Currently in office | 121.95   | No   |
| Zhang Jianjun | Independent Director   | M   | 51  | Currently in office | 10   | No   |
| Fu Qilin      | Independent Director   | M   | 61  | Currently in office | 10   | No   |
| Du Wenjun     | Independent Director   | F   | 47  | Currently in office | 10   | No   |
| Wu Guobin     | Director / CEO   | M   | 51  | Currently in office | 110.64   | No   |
| Chen Lin      | Director   | F   | 44  | Currently in office | 0  | Yes  |
| Wang Jian     | Director   | M   | 52  | Currently in office | 0  | Yes  |
| Ye Weiqing    | Director   | F   | 44  | Currently in office | 0  | Yes  |
| Cheng Xibao   | Director   | F   | 34  | Currently in office | 0  | Yes  |
| Long Long     | Chairman of Supervisory Committee  | M   | 60  | Currently in office | 10   | No   |
| Hong Guoan    | Supervisor   | M   | 61  | Currently in office | 10   | No   |
| Yan Wendou    | Supervisor   | M   | 48  | Currently in office | 53.67  | No   |
| Luo Youming   | CFO  | M   | 53  | Currently in office | 94.66  | No   |
| Ke Hanqi      | Vice President   | M   | 50  | Currently in office | 88.30  | No   |
| Zhang Fan     | Vice President   | M   | 50  | Currently in office | 92.69  | No   |
| Zhou Hong     | Secretary of the Board   | F   | 50  | Currently in office | 52.15  | No   |

|               |                |    |    |              |        |     |
|---------------|----------------|----|----|--------------|--------|-----|
| Li Jingqi     | Director       | M  | 59 | Post leaving | 0      | Yes |
| GuoYongchun   | Director       | M  | 48 | Post leaving | 0      | Yes |
| Chen Chao     | Director       | M  | 60 | Post leaving | 10     | No  |
| Yan Ganggang  | Director       | M  | 56 | Post leaving | 10     | No  |
| Ding Jiuru    | Vice President | M  | 53 | Post leaving | 77.23  | No  |
| Zhang Bozhong | Vice President | M  | 51 | Post leaving | 23.57  | No  |
| Total         | --             | -- | -- | --           | 784.86 | --  |

Delegated equity incentive for directors, supervisors and senior executives in reporting period

☐ Applicable ☒ Not applicable

## V. Particulars of workforce

### 1. Number, professional composition and educational background of employees

|   |   |
|---|---|
| Number of employees in the parent company (person)  | 126   |
| Number of employees in major subsidiaries of the Company (person)                                       | 10,422                                      |
| Total number of employees (person)  | 10,548                                      |
| Total number of employees received salaries in the period (person)                                      | 10,548                                      |
| Number of retired employees whose costs beared by the parent company and its main subsidiaries (person) | 0   |
| Professional composition  |   |
| Category of professional composition  | Number of professional composition (person) |
| Production personnel  | 7,189                                       |
| Salesman  | 644   |
| Technician  | 1,276                                       |
| Financial personnel   | 138   |
| Administrative personnel  | 1,301                                       |
| Total   | 10,548                                      |
| Educational background  |   |
| Category of educational background  | Number (person)                             |
| Doctor  | 5   |
| Master  | 125   |
| Undergraduate   | 1,839                                       |
| Junior college  | 2,163                                       |
| Degree below junior college   | 6,416                                       |
| Total   | 10,548                                      |

## **2. Staff remuneration policy**

The Company adopted the salary management of basic pay plus performance pay, encouraged the staff to reach their employment objectives and obtain high performance payment through their endeavor. Realize the salary system of linking the salary and assessment results together via effective performance appraisal, and stimulate the positiveness of to strive to realize the enterprise objectives by adjusting the income of staff with good and bad performance.

## **3. Staff training plan**

The Company attached great importance to the team construction, thought highly of the training, allocated training fee for cultivating employee's skill, developing capabilities and promoting quality. The Company overall implemented training program for senior management so as to offer a strong support for improving levels of education and skills for employees. As for the senior management, middle management and junior employees, the Company formulated a personalized training plan for the purpose of adapting and promoting the business development of CSG. Training and development will be the normalized important work of HR in the future, which will receive more support from the Company.

## **4. Labor outsourcing**

☐ Applicable    ☒ Not applicable

## Section VIII. Corporate Governance

### I. Corporate governance of the Company

In strict compliance with the requirements of the relevant laws and regulation including The Company Law, Securities Law and Rule of Governance for Listed Company, the Company has been putting efforts in improving the corporate governance, strengthening management of information disclosure, regulating operation activities and establishing a modern corporate system. At present, the system for corporate governance of the Company is basically perfect, operation is regulated, corporate governance is consummated, which accord with the requirements of relevant document on corporate governance of listed company issued by CSRS. During the report period, the Company fully implemented network voting of the shareholders' meeting, separately counted the votes of medium and small shareholders in the stockholders' meeting motion and disclosed timely, and actively protected the rights and interests of medium and small investors.

The Company has seriously implemented the requirements of the relevant regulatory to cash dividends. During the report period, , the Company revised the "Articles of Association", formulated "Return plan for shareholders of CSG Holding Co., Ltd. in the next three years (2015- 2017)" according to relevant regulations of *"Notice of Further Implementation of Cash Dividends of the Listed Companies"* (ZJF No.: [2012] 37) and *"Regulatory Guidelines of Listed Companies No. 3 - Cash Dividends of Listed Companies"* (CSRC announcement No.: [2013] 43) issued by China Securities Regulatory Commission, synthetically considering the Company's profitability, development strategy and business plan, shareholder returns, social capital costs and external financing environment and other factors, which further improved the Company's decision-making and supervision mechanism for distribution of profits, and protected the interests of investors.

The Company has established the "Information Disclosure Management System" and promptly improved it in accordance with newly issued laws and regulations, clarified the standards of insider information, and established inside information insider registration system and record management system. During the report period, the Company disclosed information with facticity, completeness, timeliness and fairness, strictly fulfilled the responsibilities and obligations of information disclosure of listed companies to ensure that investors are able to keep abreast of the Company's operation and development strategies. There was no regulatory punishment caused by information disclosure. Meanwhile, the Company delivered "Inside information insider table" to Shenzhen Stock Exchange when submitting periodic reports. It didn't exist that insider used the inside information to trade the Company's shares before the major sensitive information which could affect the Company's share price was disclosed.

During the report period, it did not exist that the company provided the undisclosed information to the largest shareholder and actual controller. And it did not exist that non-operating fund of listed company was occupied by the largest shareholder and its affiliated enterprises.

Is there any difference between the actual condition of corporate governance and relevant regulations about corporate governance for listed company from CSRC?

☐ Yes    ☒ No

There are no differences between the actual condition of corporate governance and relevant regulations about corporate governance for listed company from CSRC.

## II. Independency of the Company relative to controlling shareholders' in aspect of businesses, personnel, assets, organization and finance

The Company has been absolutely independent in business, personal, assets, organization and financial from its substantial shareholders ever since its establishment. The Company had an independent and complete business system and independent management capability.

1. In terms of business: The Company owns independent purchase and supply system of the raw resources, complete production systems, independent sale system and customers. The Company is completely independent from the substantial shareholders in business. The substantial shareholders and their subsidiaries do not engage any identical business or similar business as the Company.
2. In terms of personnel: The Company established integrated management system of labor, personnel, salaries and the social security, which were absolutely independent from its holding shareholder's. Personnel of the managers, person in charge of the financial and other executive managers are obtained remuneration from the Company since on duty in the Company, and never received remuneration or take part-time jobs in large shareholders' company and other enterprises controlled by large shareholders. The recruitment and dismissal of Directors are conducted through legal procedure since the Company was listed and the manager has been appointed or dismissed by Board of Directors. The Board of Directors and the Shareholders' General Meeting have not received any interference of decisions on personnel appointment and removal from the largest shareholders.
3. In terms of asset, the Company is able to operate business independently and enjoys full control over the production system, auxiliary production system and facilities, land use right, industry property and non-patent technology owned or used by the Company. The investments to the Company from largest shareholder are monetary assets, and the largest shareholder has never occupy, damage or intervene to operation on these assets.
4. In terms of organization: The Company possessed sound corporate governance structure, established Shareholders' General Meeting, Board of Directors, Supervisory Committee, appointed general manager, and fixed related function departments. The Company had been totally independent from its large shareholders in organization structure. The Company has its own office and production sites that are different from those of the large shareholders. The largest shareholder and its related parties didn't deliver any operation plan and order to the Company, neither influence the independence on management of the Company by any forms.
5. In terms of finance: The Company has set up independent financial department, established independent accounting calculation system and financial management system (included management system of its subsidiaries). The financial personnel of the Company didn't take part-time jobs in units of large shareholder or its subordinate units. The Company had independent bank accounts, separated from the large shareholders. The Company is independent taxpayer, paid taxes independently according the laws and didn't pay mixed taxes with the large shareholders. The financial decision-making of the Company was independent, and the large shareholders never interfered the usage of company's capital. The Company never offered guarantee to their large shareholders and its subordinate units and other related party. The largest shareholder and its related has never occupy or occupy disguised the capital.

## III. Horizontal competition

☐ Applicable    ☒ Not applicable

## IV. Annual shareholders' general meeting and extraordinary shareholders' general meeting convened in the report period

### 1. Annual Shareholders' General Meeting in the report period

| Session of meeting  | Type  | Ratio of investor participation | Date      | Date of disclosure | Index of disclosure        |
|---|---|---------------------------------|-----------|--------------------|----------------------------|
| Annual General Shareholders' Meeting of 2014                  | Annual General Shareholders' Meeting        | 17.92%                          | 2015-4-23 | 2015-4-24          | Announcement No.: 2015-024 |
| The first Extraordinary General Shareholders' Meeting of 2015 | Extraordinary General Shareholders' Meeting | 25.79 %                         | 2015-7-2  | 2015-7-3           | Announcement No.: 2015-038 |

## V. Responsibility performance of independent directors in the report period

### 1. The attending of independent directors to Board meetings and general shareholders' meeting

| The attending of independent directors                                      |  |                   |   |                             |                  |  |
|---|--|-------------------|---|-----------------------------|------------------|--|
| Name of independent director  | Times of Board meeting supposed to attend in the report period | Times of Presence | Times of attending by communication way | Times of entrusted presence | Times of Absence | Whether absent the Meeting for the second time in a row or not |
| Zhang Jianjun   | 12   | 2                 | 10                                      | 0                           | 0                | No   |
| Fu Qilin  | 12   | 2                 | 10                                      | 0                           | 0                | No   |
| Du Wenjun   | 12   | 2                 | 10                                      | 0                           | 0                | No   |
| Times for attending shareholders general meeting from independent directors |  | 2                 |   |                             |                  |  |

Explanation of absence for the Board Meeting twice in a row

Not applicable

### 2. Objection for relevant events from independent directors

Whether independent directors came up with objection about company's relevant matters or not

☐ Yes ☒ No

Independent directors had no objections for relevant events in the report period.

### 3. Other explanation about responsibility performance of independent directors

Whether the opinions from independent directors were adopted or not

☒ Yes ☐ No

Explanation of the opinions from independent directors which were adopted or not adopted

In the report period, independent directors of the Company attended the board meetings and general shareholders' meetings, conscientiously performed their duties, and put forward constructive opinions or suggestions for the development of the Company strictly according to the requirements of "Guidelines for Operation of the Listing Companies on Main Board of Shenzhen Stock Exchange", "Listing Rules of Shenzhen Stock Exchange", "Guidelines for Establishment of Independent Director Mechanism



for Listing Companies” and “Article of Association”. Each independent director seriously deliberated all motions of the board of directors, gave independent opinions on significant operating management issues, engagement of senior management, related transactions, internal control construction, non-public offering of A-Share and so on. Suggestions of independent directors related to the Company were adopted and played a positive role in protecting the interest of medium and small shareholders.

## VI. Duty performance of the special committees under the board during the reporting period

### 1. Performance of the audit committee of the Board

The Audit Committee of the Board of Directors of the Company is constituted with 5 directors, and 3 of them are independent directors. The convoker is independent director. During the report period, according to demands of CSRC and Shenzhen Stock Exchange, and regulations of Rules of Procedure of the Audit Committee of the Board of Directors, Procedure for Annual Report Work of the Audit Committee, the committee paid attention to the construction of corporate internal control system, audited the internal audit report and financial report periodically, diligently and faithfully. They performed the following duties:

#### ① Review the financial reports and issue relevant opinions

In accordance with the requirements of CSRC, the Audit Committee presented two audit opinions for the annual financial report of the Company in the report period. Before the entrance of the certified public accountants for annual audit, the Audit Committee issued the initial written opinion for the unaudited financial report. The committee agreed the report fairly reflected the significant financial situation and operation achievement of the Company. After the certified public accountants presented their initial audit opinion, the Audit Committee re-examined the financial report of the Company and presented a written opinion which agreed that the basis, conditions, principles and methods used in the report were in line with the regulations and laws and fairly reflected the financial situation on 31 December 2015 and operation achievement in 2015 of the Company in significant aspects.

#### ② Supervise the audit works conducted by the accountant firm

Through negotiation with the certified public accountant, the Audit Committee arranged the audit work for the annual financial report in advance, and made the audit schedule. After the entrance of the registered accountants, the committee met the persons in charge of the audit. After communicating with the accountants, the committee realized the audit process and requirements from the accountants, and quickly feedback the information to the relevant departments of the Company, in order to ensure the annual audit and relevant information disclosure could be promoted according to the scheduled process.

#### ③ Summarize report on the audit works conducted by the accountant firm in previous year

PricewaterhouseCoopers Zhong Tian LLP conducted their work in strict accordance to Chinese audit standards; with attitude of earnest and responsibility, paid attention to communication with the management level and the Audit Committee; embodied strong specialty knowledge, professional nature and risk awareness. The CPAs successfully finished the 2015 annual audit work of financial reports of the Company and the audit quality is worthy of trust.

#### ④ Opinions on reengagement of the accountant firm

It is proposed to reengage PricewaterhouseCoopers Zhong Tian LLP as the auditor of the Company for 2016.

### 2. Performance of the remuneration and examination committee of the Board

The remuneration and examination committee of the Board of Directors of the Company is constituted with 5 directors, and 3 of them are independent directors. The convoker is independent director.

① According to regulations of Rules of Procedure of The Remuneration and Appraisal Committee, the Remuneration and Appraisal Committee makes examination on the disclosed remuneration of the directors, supervisors and senior executives and thought it accorded with the relevant laws and regulations of the remuneration and appraisal system of the Company.

② The remuneration and examination committee deliberated the relevant items of equity incentive, relevant beneficiary avoiding for vote, and the deliberation results were submitted to the Board.

### 3. Performance of the nomination committee of the Board

The nomination committee of the Board of Directors of the Company is constituted with 5 directors, and 3 of them are independent directors. The convoker is independent director.

① In the report period, nomination committee reviewed to determine candidates of by-election directors for 7th session of the Board, and agreed to submit the deliberation to the Board and general meeting of shareholders.

② Nomination committee of the Board performed evaluation on the work of the Board, and believed that the directors of 7<sup>th</sup> session of the Board abided by the State laws, administrative rules and regulation of Article of Association since they took office. They attended or delegated to attend the Board Meeting and general meeting of shareholders on time, performed voting rights based on relevant regulations, actively kept eyes on the management situation of the Company, and performed the duty of Directors diligently.

### 4. Performance of the strategy committee of the Board

The strategy committee of the Board of Directors of the Company is constituted with 5 directors, and 1 of them is independent directors.

As the special institution responsible for the long-term development strategy and significant investment decision-making, the strategy committee made earnest research on the significant decisions affecting the Company's development and issued relevant recommendations according to the procedure rules of the strategy committee. During the reporting period, the committee considered the profit distribution plan, and held the view that the profit distribution plan conformed to the requirements of the Company Law, the Enterprise Accounting Principles and the Articles of Association, and agreed to submitted the same to the board and general meeting for consideration. At the same time, the strategy committee considered issues concerning significant operation management, guarantee for controlling subsidiary, related transaction, transferring B-share to H-share, non-public offering of A-share and establishment of subsidiaries and submitted the issues to the board for consideration.

## VII. Performance of the Supervisory Committee

During the report period, the Supervisory Committee found whether there was risk in the Company in the supervisory activities

☐ Yes    ☒ No

The Supervisory Committee had no objection on the supervised events during the report period.

## VIII. Performance examination and incentives of senior management

The Board of Directors approved the incentive measure for outstanding achievement of management team as follows: performance bonus of the Company's management team will be calculated quarterly, when the quarter cumulative annualized return on equity reaches 8%, the performance bonus will be calculated by 8% of the cumulative total of net profit (no deduction of minority interests, the same below) in this quarter, when the quarter cumulative annualized return on equity exceeds 8%, the performance bonus will be calculated based on 8% with a corresponding increase of 0.2% for every 1% increased, the performance bonus calculated in this quarter should be the balance between the cumulative total bonus to be calculated in this quarter and the cumulative total bonus obtained in the previous quarter; when the cumulative annualized return on equity in this quarter does not reach 8% but the single quarter cumulative annualized return on equity reaches or exceeds 8%, the performance bonuses will be calculated based on the total net profits in this quarter according to the above-mentioned calculating rules, otherwise, no performance bonus should be calculated in this quarter.

## IX. Internal Control

### 1. Particulars about significant defects found in the internal control during the reportperiod

☐ Yes ☒ No

### 2. Self-appraisal report of internal control

|   |  |   |
|---|--|---|
| Disclosure date of full text of self-appraisal report of internal control   |  | 2016-3-25   |
| Disclosure index of full text of self-appraisal report of internal control  |  | More details found in "Self-appraisal Report of Internal Control of CSG for year of 2015" published on Juchao<br>Website( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )   |
| The ratio of the total assets of the units included in the scope of evaluation to the total assets of the Company's consolidated financial statements         |  | 98%   |
| The ratio of the operating income of the units included in the scope of evaluation to the operating income of the Company's consolidated financial statements |  | 97%   |
| Standards of Defects Evaluation   |  |   |
| Category  | Financial Reports  | Non-financial Reports   |
| Qualitative criteria  | <p><b>Major defects:</b></p> <p>A. Fraud of directors, supervisors and senior management;</p> <p>B. Ineffective control environment;</p> <p>C. Invalid internal supervision;</p> <p>D. Major internal control defects found and reported to the management but haven't been corrected after a reasonable time;</p> <p>E. Material misstatements are found by the external audit but haven't been found in the process of internal control;</p> <p>F. Financial reports submitted during the reporting period completely cannot meet the needs and are severely punished by regulatory agencies;</p> <p>G. Other major defects that may affect the report users' correct judgment.</p> <p><b>Significant defects:</b></p> <p>A. Defects or invalidation of important financial control procedures;</p> <p>B. Significant misstatements are found by the external audit but haven't been found in the process of internal control;</p> | <p><b>Major defects:</b></p> <p>A. Major decision-making mistakes caused by decision-making process of key business;</p> <p>B. Serious violation of state laws and regulations;</p> <p>C. Serious brain drain of senior and middle management and or personnel at key technological posts;</p> <p>D. Major or significant defects found in the internal control evaluation have not been rectified and reformed;</p> <p>E. The company's major negative news frequently appears on media;</p> <p><b>Significant defects:</b></p> <p>A. Big deviation of execution caused by executive routine of key business;</p> <p>B. Regulatory authorities impose large amount of fines because the violation of laws and regulations;</p> <p>C. Defects or invalidation of important business' internal control procedures;</p> <p><b>Common defects:</b> Other control defects except for major defects and significant defects.</p> |

|  |  |   |
|--|--|---|
|  | <p>C. Financial reports submitted during the reporting period have mistakes frequently;</p> <p>D. Other significant defects that may affect the report users' correct judgment.</p> <p><b>Common defects:</b> Other control defects except for major defects and significant defects.</p>  |   |
| Quantitative standard                                  | <p><b>Major defects:</b></p> <p>A. Amount of net profit affected by misstatements (based on consolidated statements): amount affected by misstatements is equal to or greater than 3% of net profit and the absolute amount is no less than 30 million yuan;</p> <p>B. Amount of assets and liabilities affected by misstatements (based on consolidated statements): amount affected by misstatements is equal to or greater than 3% of total assets.</p> <p><b>Significant defects:</b></p> <p>A. Amount of net profit affected by misstatements (based on consolidated statements): not belong to major defects and amount affected by misstatements is equal to or greater than 2% of net profit and the absolute amount is no less than 20 million yuan;</p> <p>B. Amount of assets and liabilities affected by misstatements (based on consolidated statements): amount affected by misstatements is equal to or greater than 0.5% of total assets but less than 1% of total assets.</p> <p><b>Common defects:</b> Defects except for major and significant defects.</p> | <p><b>Major defects:</b></p> <p>A. Amount of direct property loss: the direct loss amount is equal to or greater than 30 million yuan;</p> <p>B. Group's reputation: major negative news spreads in numerous business areas or is widely reported by national media and causes significant damages to the corporate reputation which takes more than six months to be restored.</p> <p><b>Significant defects:</b></p> <p>A. Amount of direct property loss: the direct loss amount is equal to or greater than 20 million yuan but less than 30 million yuan;</p> <p>B. Group's reputation: negative news spreads inside the industry or is reported or focused by local media and causes certain damages to the corporate reputation which takes more than three months but less than six months to be restored.</p> <p><b>Common defects:</b></p> <p>A. Amount of direct property loss: defects except for major and significant defects.</p> <p>B. Group's reputation: negative news spreads within the group and causes minor damages to the corporate reputation which takes less than three months to be restored.</p> |
| Amount of significant defects in financial reports     |  | 0   |
| Amount of significant defects in non-financial reports |  | 0   |
| Amount of important defects in financial reports       |  | 0   |
| Amount of important defects in non-financial reports   |  | 0   |

## X. Audit report of internal control

☒ Applicable   ☐ Not applicable

| Deliberations in Internal Control Audit Report   |   |
|--|---|
| According to Guidelines of Enterprise Internal Control Audit and the relevant requirements of CICPA auditing standards, PricewaterhouseCoopers Zhong Tian LLP (hereinafter referred to as PwC) audited the effectiveness of internal control over financial statements of the Company up to 31 December 2015, issued PwC Zhong Tian (2016) No. 0047 Internal Control Audit Report and made the following opinions: PwC thought that CSG Holding Co., Ltd. maintained effective internal control over financial statements in all major aspects according to the Fundamental Norms of Enterprise Internal Control and relevant rules. |   |
| Date of disclosing the internal control audit reports  | 25 March 2016   |
| Disclosure index of internal control audit report  | More details can be found in 2015 Internal Control Audit Report of CSG released on Juchao Website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) |

Whether the CPAs firm issued an Audit Report on Internal Control with non-standard opinion or not?

☐ Yes   ☒ No

Whether the Audit Report on Internal Control from the CPAs firm is in consistent with the Self-appraisal Report from the Board or not?

☒ Yes   ☐ No

## Section IX. Financial Report

### I. Report of the Auditors

|  |                                       |
|--|---------------------------------------|
| Type of Auditor's Opinion                  | Standard and unqualified              |
| Issue date of Report of the Auditors       | 23 March 2016                         |
| Name of Auditor's organization             | PricewaterhouseCoopers Zhong Tian LLP |
| Reference number of Report of the Auditors | PwC ZT Shen Zi (2016) No. 10061       |
| Name of CPA                                | Yao Wenping   Liu Jingping            |

To the shareholders of CSG Holding Co., Ltd.,

We have audited the accompanying financial statements of CSG Holding Co., Ltd. (hereinafter "the Company"), which comprise the consolidated and company's balance sheets as at 31 December 2015, and the consolidated and company's income statements, the consolidated and company's statements of changes in shareholders' equity and the consolidated and company's cash flow statements for the year then ended, and the notes to the financial statements.

#### Management's Responsibility for the Financial Statements

Management of CSG Company is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of the Company as at 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

PricewaterhouseCoopers Zhong Tian   LLP

Shanghai, the PRC  
23 March 2016

**CSG HOLDING CO., LTD.**  
**THE CONSOLIDATED AND COMPANY'S BALANCE SHEETS**  
**AS AT 31 DECEMBER 2015**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

|                                     |             | 31 December<br>2015   | 31 December<br>2014   | 31 December<br>2015   | 31 December<br>2014   |
|-------------------------------------|-------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>ASSETS</b>                       | <b>Note</b> | <b>Consolidated</b>   | <b>Consolidated</b>   | <b>Company</b>        | <b>Company</b>        |
| <b>Current assets</b>               |             |                       |                       |                       |                       |
| Cash at bank and on hand            | 4(1)        | 578,834,520           | 158,139,050           | 395,798,393           | 69,089,926            |
| Notes receivable                    | 4(2)        | 453,546,538           | 155,588,629           | -                     | -                     |
| Accounts receivable                 | 4(3)        | 452,961,612           | 318,274,574           | -                     | -                     |
| Advances to suppliers               | 4(5)        | 109,841,295           | 84,231,553            | 492,191               | -                     |
| Other receivables                   | 4(4),16(1)  | 116,224,370           | 25,973,156            | 4,283,715,036         | 3,574,791,409         |
| Inventories                         | 4(6)        | 350,425,732           | 390,652,618           | -                     | -                     |
| Other current assets                | 4(7)        | 118,359,117           | 219,908,717           | -                     | -                     |
| <b>Total current assets</b>         |             | <b>2,180,193,184</b>  | <b>1,352,768,297</b>  | <b>4,680,005,620</b>  | <b>3,643,881,335</b>  |
| <b>Non-current assets</b>           |             |                       |                       |                       |                       |
| Available-for-sale financial assets | 4(8)        | -                     | 145,568,100           | -                     | 139,854,780           |
| Long-term receivables               | 8(5),16(3)  | 50,104,299            | -                     | 2,139,873,923         | 1,636,290,000         |
| Long-term equity investments        | 4(9),16(2)  | 668,210,253           | 751,623,543           | 4,337,777,738         | 4,733,050,730         |
| Fixed assets                        | 4(10)       | 10,199,674,929        | 9,851,117,915         | 30,806,106            | 32,554,885            |
| Construction in progress            | 4(11)       | 1,339,340,780         | 1,934,595,736         | -                     | -                     |
| Intangible assets                   | 4(12)       | 846,238,811           | 946,586,310           | 1,762,037             | 2,205,836             |
| Development expenditure             | 4(12)       | 26,280,426            | 17,675,656            | -                     | -                     |
| Goodwill                            | 4(13)       | 3,039,946             | 3,039,946             | -                     | -                     |
| Long-term prepaid expenses          |             | 1,597,865             | 2,391,824             | 894,241               | 1,701,424             |
| Deferred tax assets                 | 4(14)       | 110,336,216           | 103,781,894           | -                     | -                     |
| Other non-current assets            | 4(15)       | 64,583,451            | 7,659,084             | -                     | -                     |
| <b>Total non-current assets</b>     |             | <b>13,309,406,976</b> | <b>13,764,040,008</b> | <b>6,511,114,045</b>  | <b>6,545,657,655</b>  |
| <b>TOTAL ASSETS</b>                 |             | <b>15,489,600,160</b> | <b>15,116,808,305</b> | <b>11,191,119,665</b> | <b>10,189,538,990</b> |

**CSG HOLDING CO., LTD.**  
**CONSOLIDATED AND COMPANY'S BALANCE SHEETS (CONT'D)**  
**AS AT 31 DECEMBER 2015**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

|   |              | 31 December 2015      | 31 December 2014      | 31 December 2015      | 31 December 2014      |
|---|--------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | Note         | Consolidated          | Consolidated          | Company               | Company               |
| <b>LIABILITIES AND OWNERS' EQUITY</b>                           |              |                       |                       |                       |                       |
| <b>Current liabilities</b>                                      |              |                       |                       |                       |                       |
| Short-term borrowings   | 4(17)        | 3,216,326,670         | 1,957,123,175         | 2,900,000,000         | 1,681,000,000         |
| Notes payable   | 4(18)        | 8,000,000             | 3,500,000             | -                     | -                     |
| Accounts payable  | 4(19)        | 915,266,051           | 960,537,876           | -                     | 169,337               |
| Advances from customers   | 4(20)        | 117,434,636           | 113,994,747           | -                     | -                     |
| Employee benefits payable                                       | 4(21)        | 170,539,613           | 159,040,363           | 38,240,000            | 50,356,110            |
| Taxes payable   | 4(22)        | 119,826,177           | 57,213,608            | 39,469,245            | 1,323,122             |
| Interest payable  | 4(23)        | 89,363,806            | 74,556,982            | 79,906,647            | 54,281,022            |
| Other payables  | 4(24), 16(4) | 143,021,055           | 147,269,978           | 295,421,165           | 270,915,072           |
| Current portion of non-current liabilities                      | 4(25)        | 239,000,000           | 2,119,066,755         | 239,000,000           | 1,995,783,205         |
| Other current liabilities                                       | 4(26)        | 300,000               | 300,000               | -                     | -                     |
| <b>Total current liabilities</b>                                |              | <b>5,019,078,008</b>  | <b>5,592,603,484</b>  | <b>3,592,037,057</b>  | <b>4,053,827,868</b>  |
| <b>Non-current liabilities</b>                                  |              |                       |                       |                       |                       |
| Long-term borrowings  | 4(27)        | 1,200,000,000         | 383,817,820           | 1,200,000,000         | 196,000,000           |
| Bonds payable   | 4(28)        | 1,000,000,000         | -                     | 1,000,000,000         | -                     |
| Deferred tax liabilities  | 4(14)        | 9,531,572             | 42,029,332            | -                     | 30,553,445            |
| Deferred income   | 4(29)        | 383,599,103           | 444,909,519           | 10,543,800            | 11,167,800            |
| <b>Total non-current liabilities</b>                            |              | <b>2,593,130,675</b>  | <b>870,756,671</b>    | <b>2,210,543,800</b>  | <b>237,721,245</b>    |
| <b>Total liabilities</b>  |              | <b>7,612,208,683</b>  | <b>6,463,360,155</b>  | <b>5,802,580,857</b>  | <b>4,291,549,113</b>  |
| <b>Shareholders' equity</b>                                     |              |                       |                       |                       |                       |
| Share capital   | 4(30)        | 2,075,335,560         | 2,075,335,560         | 2,075,335,560         | 2,075,335,560         |
| Capital surplus   | 4(31)        | 1,261,391,272         | 1,340,090,907         | 1,404,803,407         | 1,403,806,545         |
| Other comprehensive income                                      | 4(32)        | 2,967,772             | (13,521,093)          | -                     | (15,223,855)          |
| Special reserve   | 4(33)        | 15,437,498            | 14,562,826            | -                     | -                     |
| Surplus reserve   | 4(34)        | 881,972,330           | 830,772,731           | 896,517,690           | 845,318,091           |
| Undistributed profits   | 4(35)        | 3,637,206,565         | 4,101,320,834         | 1,011,882,151         | 1,588,753,536         |
| <b>Total equity attributable to shareholders of the Company</b> |              | <b>7,874,310,997</b>  | <b>8,348,561,765</b>  | <b>5,388,538,808</b>  | <b>5,897,989,877</b>  |
| <b>Minority interests</b>                                       |              | <b>3,080,480</b>      | <b>304,886,385</b>    | <b>-</b>              | <b>-</b>              |
| <b>Total shareholders' equity</b>                               |              | <b>7,877,391,477</b>  | <b>8,653,448,150</b>  | <b>5,388,538,808</b>  | <b>5,897,989,877</b>  |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>               |              | <b>15,489,600,160</b> | <b>15,116,808,305</b> | <b>11,191,119,665</b> | <b>10,189,538,990</b> |

The accompanying notes form an integral part of these financial statements.



**CSG HOLDING CO., LTD.**  
**CONSOLIDATED AND COMPANY'S INCOME STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

|  |              | 2015            | 2014            | 2015          | 2014          |
|--|--------------|-----------------|-----------------|---------------|---------------|
| Item   | Note         | Consolidated    | Consolidated    | Company       | Company       |
| <b>Revenue</b>   | 4(36)        | 7,430,889,111   | 7,044,502,645   | -             | 846,362       |
| Less: Cost of sales  | 4(36)        | (5,824,792,630) | (5,323,219,390) | -             | (47,481)      |
| Taxes and surcharges   | 4(37)        | (38,562,725)    | (33,163,804)    | (2,935,353)   | -             |
| Selling and distribution expenses  | 4(38)        | (283,369,323)   | (265,720,355)   | -             | -             |
| General and administrative expenses  | 4(39)        | (672,697,939)   | (597,772,089)   | (75,838,865)  | (87,362,609)  |
| Financial expenses - net   | 4(40)        | (278,687,176)   | (231,531,434)   | (178,997,655) | (121,420,747) |
| Asset impairment loss  | 4(43)        | (3,893,714)     | (25,270,581)    | (1,769,376)   | (2,961)       |
| Add: Investment income   | 4(42), 16(5) | 288,044,816     | 328,439,649     | 752,363,051   | 774,349,602   |
| Including: Investment (loss)/income from associates  |              | (7,960,731)     | 10,181,795      | 960,738       | 72,636,044    |
| <b>Operating profit</b>  |              | 616,930,420     | 896,264,641     | 492,821,802   | 566,362,166   |
| Add: Non-operating revenue   | 4(44)        | 117,587,381     | 113,828,011     | 22,651,156    | 2,213,968     |
| Including: Gains on disposal of non-current assets   |              | 2,875,252       | 4,194,755       | 450           | 881,341       |
| Less: Non-operating expenses   | 4(45)        | (864,507)       | (26,510,163)    | -             | (2,701,800)   |
| Including: Losses on disposal of non-current assets  |              | (434,101)       | (21,917,537)    | -             | -             |
| <b>Total profit</b>  |              | 733,653,294     | 983,582,489     | 515,472,958   | 565,874,334   |
| Less: Income tax expenses/revenue  | 4(46)        | (93,820,627)    | (43,817,757)    | (3,476,964)   | 9,462,390     |
| <b>Net profit</b>  |              | 639,832,667     | 939,764,732     | 511,995,994   | 575,336,724   |
| Attributable to shareholders of the Company  |              | 624,753,110     | 873,653,030     |               |               |
| Minority interest  |              | 15,079,557      | 66,111,702      |               |               |
| <b>Other comprehensive income net after tax</b>  | 4(32)        | 16,318,318      | 54,366,273      | 15,223,855    | 34,273,395    |
| Other comprehensive income net after tax attributable to shareholders of the Company       |              | 16,488,865      | 54,916,307      |               |               |
| Other comprehensive income items which will be reclassified subsequently to profit or loss |              | 16,488,865      | 54,916,307      | 15,223,855    | 34,273,395    |
| Changes in fair value of available-for-sale financial assets                               |              | 15,970,110      | 53,081,559      | 15,223,855    | 34,273,395    |
| Difference on translation of foreign currency financial statements                         |              | 518,755         | 1,834,748       | -             | -             |
| Other comprehensive income net after tax attributable to minority interest                 |              | (170,547)       | (550,034)       |               |               |
| <b>Total comprehensive income</b>  |              | 656,150,985     | 994,131,005     | 527,219,849   | 609,610,119   |
| Total comprehensive income attributable to shareholders of the Company                     |              | 641,241,975     | 928,569,337     |               |               |
| Total comprehensive income attributable to minority interests                              |              | 14,909,010      | 65,561,668      |               |               |
| <b>Earnings per share</b>  | 4(47)        |                 |                 |               |               |
| Basic earnings per share (RMB Yuan)  |              | 0.30            | 0.42            |               |               |
| Diluted earnings per share (RMB Yuan)  |              | 0.30            | 0.42            |               |               |

The accompanying notes form an integral part of these financial statements.

**CSG HOLDING CO., LTD.**  
**CONSOLIDATED AND COMPANY'S CASH FLOW STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

| Item  | Note     | 2015<br>Consolidated   | 2014<br>Consolidated   | 2015<br>Company        | 2014<br>Company        |
|---|----------|------------------------|------------------------|------------------------|------------------------|
| <b>1. Cash flows from operating activities</b>  |          |                        |                        |                        |                        |
| Cash received from sales of goods or rendering of services                                    |          | 8,240,680,369          | 8,175,415,917          | -                      | -                      |
| Refund of taxes and surcharges  |          | 42,439,155             | 52,924,067             | -                      | 846,362                |
| Cash received relating to other operating activities  | 4(48)(a) | 34,584,608             | 44,644,145             | 2,475,755              | 1,529,086              |
| <b>Sub-total of cash inflows</b>  |          | <b>8,317,704,132</b>   | <b>8,272,984,129</b>   | <b>2,475,755</b>       | <b>2,375,448</b>       |
| Cash paid for goods and services  |          | (5,303,324,616)        | (4,986,658,347)        | (661,528)              | -                      |
| Cash paid to and on behalf of employees   |          | (882,291,864)          | (784,191,083)          | (58,563,423)           | (77,164,975)           |
| Payments of taxes and surcharges  |          | (534,292,022)          | (585,283,678)          | (1,354,178)            | (17,112,069)           |
| Cash paid relating to other operating activities  | 4(48)(b) | (504,963,133)          | (510,591,811)          | (28,915,023)           | (13,768,661)           |
| <b>Sub-total of cash outflows</b>   |          | <b>(7,224,871,635)</b> | <b>(6,866,724,919)</b> | <b>(89,494,152)</b>    | <b>(108,045,705)</b>   |
| <b>Net cash flows from/(used in) operating activities</b>                                     | 4(49)(a) | <b>1,092,832,497</b>   | <b>1,406,259,210</b>   | <b>(87,018,397)</b>    | <b>(105,670,257)</b>   |
| <b>2. Cash flows from investing activities</b>  |          |                        |                        |                        |                        |
| Cash received from withdrawal of investments  |          | 166,695,803            | 49,036,914             | 160,153,254            | -                      |
| Cash received from returns on investments   |          | 271,636,616            | 27,624,931             | 765,497,056            | 553,947,552            |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets |          | 32,368,204             | 26,328,324             | 450                    | 888,414                |
| Net proceeds from disposal of subsidiaries  | 4(49)(d) | 240,531,849            | 463,160,123            | 258,853,009            | 468,000,000            |
| Cash received relating to other investing activities  | 4(48)(c) | 138,910,670            | 507,724,341            | -                      | -                      |
| <b>Sub-total of cash inflows</b>  |          | <b>850,143,142</b>     | <b>1,073,874,633</b>   | <b>1,184,503,769</b>   | <b>1,022,835,966</b>   |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets               |          | (865,950,471)          | (1,893,112,812)        | (4,290,577)            | (1,975,174)            |
| Cash paid to acquire investments  |          | (296,854,520)          | -                      | (145,794,900)          | (435,385,487)          |
| Net cash received from acquired subsidiaries  |          | -                      | 15,366,490             | -                      | -                      |
| Cash paid relating to other investing activities  | 4(48)(d) | (265,556,764)          | (95,729,500)           | (908,642,236)          | -                      |
| <b>Sub-total of cash outflows</b>   |          | <b>(1,428,361,755)</b> | <b>(1,973,475,822)</b> | <b>(1,058,727,713)</b> | <b>(437,360,661)</b>   |
| <b>Net cash flows (used in)/generated from investing activities</b>                           |          | <b>(578,218,613)</b>   | <b>(899,601,189)</b>   | <b>125,776,056</b>     | <b>585,475,305</b>     |
| <b>3. Cash flows from financing activities</b>  |          |                        |                        |                        |                        |
| Cash received from capital contributions  |          | -                      | 58,636,000             | -                      | -                      |
| Including: Cash received from capital contributions by minority shareholders of subsidiaries  |          | -                      | 58,636,000             | -                      | -                      |
| Cash received from borrowings   |          | 6,989,425,462          | 4,961,430,390          | 6,358,297,602          | 4,393,944,492          |
| Cash received relating to other financing activities  |          | 270,758                | 20,655,450             | 57,613,055             | -                      |
| <b>Sub-total of cash inflows</b>  |          | <b>6,989,696,220</b>   | <b>5,040,721,840</b>   | <b>6,415,910,657</b>   | <b>4,393,944,492</b>   |
| Cash repayments of borrowings   |          | (5,732,453,437)        | (4,624,703,566)        | (4,896,297,602)        | (3,921,944,492)        |
| Cash payments for interest expenses and distribution of dividends or profits                  |          | (1,347,326,269)        | (917,357,771)          | (1,231,662,247)        | (700,724,715)          |
| Including: Cash payments for dividends or profit to minority shareholders of subsidiaries     |          | (41,417,660)           | (56,362,791)           | -                      | -                      |
| Cash payments relating to other financing activities  |          | (10,000,000)           | (124,944,931)          | -                      | (312,520,406)          |
| <b>Sub-total of cash outflows</b>   |          | <b>(7,089,779,706)</b> | <b>(5,667,006,268)</b> | <b>(6,127,959,849)</b> | <b>(4,935,189,613)</b> |
| <b>Net cash flows (used in)/generated from financing activities</b>                           |          | <b>(100,083,486)</b>   | <b>(626,284,428)</b>   | <b>287,950,808</b>     | <b>(541,245,121)</b>   |
| <b>4. Effect of foreign exchange rate changes on cash</b>                                     |          | <b>3,376,219</b>       | <b>13,799</b>          | <b>-</b>               | <b>843</b>             |
| <b>5. Net increase/(decrease) in cash</b>   | 4(49)(b) | <b>417,906,617</b>     | <b>(119,612,608)</b>   | <b>326,708,467</b>     | <b>(61,439,230)</b>    |
| Add: Cash at beginning of year  |          | 156,838,260            | 276,450,868            | 67,898,286             | 129,337,516            |
| <b>6. Cash balance at end of year</b>   | 4(49)(c) | <b>574,744,877</b>     | <b>156,838,260</b>     | <b>394,606,753</b>     | <b>67,898,286</b>      |

The accompanying notes form an integral part of these financial statements

**CSG HOLDING CO., LTD.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

| Item  | Note  | Attributable to shareholders of the Company |                 |                            |                 |                 |                       |               | Minority interests | Total shareholders' equity |
|---|-------|---|-----------------|----------------------------|-----------------|-----------------|-----------------------|---------------|--------------------|----------------------------|
|   |       | Share capital                               | Capital surplus | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profits | Sub-total     |                    |                            |
|   |       | 4(30)                                       | 4(31)           | 4(32)                      | 4(33)           | 4(34)           | 4(35)                 |               |                    |                            |
| <b>Balance at 1 January 2014</b>  |       | 2,075,335,560                               | 1,345,450,916   | (68,437,400)               | 14,503,860      | 773,239,059     | 3,907,802,144         | 8,047,894,139 | 353,018,443        | 8,400,912,582              |
| <b>Movements for the year ended 31 December 2014</b>                        |       |   |                 |                            |                 |                 |                       |               |                    |                            |
| Total comprehensive income  |       |   |                 |                            |                 |                 |                       |               |                    |                            |
| Net profit  |       | -   | -               | -                          | -               | -               | 873,653,030           | 873,653,030   | 66,111,702         | 939,764,732                |
| Other comprehensive income  | 4(32) | -   | -               | 54,916,307                 | -               | -               | -                     | 54,916,307    | (550,034)          | 54,366,273                 |
| Total comprehensive income  |       | -   | -               | 54,916,307                 | -               | -               | 873,653,030           | 928,569,337   | 65,561,668         | 994,131,005                |
| Effects of the change in investees' other equity applying the equity method |       | -   | 324,568         | -                          | -               | -               | -                     | 324,568       | -                  | 324,568                    |
| Capital contribution and withdrawal by shareholders                         |       | -   | -               | -                          | -               | -               | -                     | -             | 58,636,000         | 58,636,000                 |
| Capital contribution by shareholders  |       | -   | -               | -                          | -               | -               | -                     | -             | 58,636,000         | 58,636,000                 |
| Profit distribution   |       | -   | -               | -                          | -               | 57,533,672      | (680,134,340)         | (622,600,668) | (56,362,791)       | (678,963,459)              |
| Appropriation to surplus reserves   | 4(34) | -   | -               | -                          | -               | 57,533,672      | (57,533,672)          | -             | -                  | -                          |
| Distribution to the shareholders  | 4(35) | -   | -               | -                          | -               | -               | (622,600,668)         | (622,600,668) | (56,362,791)       | (678,963,459)              |
| Special reserve   |       | -   | -               | -                          | 58,966          | -               | -                     | 58,966        | -                  | 58,966                     |
| Special reserve appropriated  |       | -   | -               | -                          | 3,007,776       | -               | -                     | 3,007,776     | -                  | 3,007,776                  |
| Special reserve used  |       | -   | -               | -                          | (2,948,810)     | -               | -                     | (2,948,810)   | -                  | (2,948,810)                |
| Others  |       | -   | (5,684,577)     | -                          | -               | -               | -                     | (5,684,577)   | (115,966,935)      | (121,651,512)              |
| Transactions with minority shareholders                                     |       | -   | (6,730,027)     | -                          | -               | -               | -                     | (6,730,027)   | (118,214,904)      | (124,944,931)              |
| Disposal of fractional shares   |       | -   | 1,045,450       | -                          | -               | -               | -                     | 1,045,450     | -                  | 1,045,450                  |
| Merger of enterprises   |       | -   | -               | -                          | -               | -               | -                     | -             | 2,247,969          | 2,247,969                  |
| <b>Balance at 31 December 2014</b>  |       | 2,075,335,560                               | 1,340,090,907   | (13,521,093)               | 14,562,826      | 830,772,731     | 4,101,320,834         | 8,348,561,765 | 304,886,385        | 8,653,448,150              |

## CSG HOLDING CO., LTD.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

| Item  | Note  | Attributable to shareholders of the Company |                          |                                     |                          |                          |                                |                 | Minority interests | Total shareholders' equity |
|---|-------|---|--------------------------|-------------------------------------|--------------------------|--------------------------|--------------------------------|-----------------|--------------------|----------------------------|
|   |       | Share capital<br>4(30)                      | Capital surplus<br>4(31) | Other comprehensive income<br>4(32) | Special reserve<br>4(33) | Surplus reserve<br>4(34) | Undistributed profits<br>4(35) | Sub-total       |                    |                            |
| <b>Balance at 01 January 2015</b>   |       | 2,075,335,560                               | 1,340,090,907            | (13,521,093)                        | 14,562,826               | 830,772,731              | 4,101,320,834                  | 8,348,561,765   | 304,886,385        | 8,653,448,150              |
| <b>Movements for the year ended 31 December 2015</b>                        |       |   |                          |                                     |                          |                          |                                |                 |                    |                            |
| Total comprehensive income  |       |   |                          |                                     |                          |                          |                                |                 |                    |                            |
| Net profit  |       | -   | -                        | -                                   | -                        | -                        | 624,753,110                    | 624,753,110     | 15,079,557         | 639,832,667                |
| Other comprehensive income  | 4(32) | -   | -                        | 16,488,865                          | -                        | -                        | -                              | 16,488,865      | (170,547)          | 16,318,318                 |
| Total comprehensive income  |       | -   | -                        | 16,488,865                          | -                        | -                        | 624,753,110                    | 641,241,975     | 14,909,010         | 656,150,985                |
| Effects of the change in investees' other equity applying the equity method | 4(9)  | -   | 324,662                  | -                                   | -                        | -                        | -                              | 324,662         | -                  | 324,662                    |
| Profit distribution   |       | -   | -                        | -                                   | -                        | 51,199,599               | (1,088,867,379)                | (1,037,667,780) | (41,417,660)       | (1,079,085,440)            |
| Appropriation to surplus reserves   | 4(34) | -   | -                        | -                                   | -                        | 51,199,599               | (51,199,599)                   | -               | -                  | -                          |
| Distribution to the shareholders  | 4(35) | -   | -                        | -                                   | -                        | -                        | (1,037,667,780)                | (1,037,667,780) | (41,417,660)       | (1,079,085,440)            |
| Special reserve   |       | -   | -                        | -                                   | 874,672                  | -                        | -                              | 874,672         | -                  | 874,672                    |
| Special reserve appropriated  | 4(33) | -   | -                        | -                                   | 5,382,232                | -                        | -                              | 5,382,232       | -                  | 5,382,232                  |
| Special reserve used  | 4(33) | -   | -                        | -                                   | (4,507,560)              | -                        | -                              | (4,507,560)     | -                  | (4,507,560)                |
| Others  |       | -   | (79,024,297)             | -                                   | -                        | -                        | -                              | (79,024,297)    | (275,297,255)      | (354,321,552)              |
| Transactions with non-controlling shareholders                              | 4(31) | -   | (79,295,055)             | -                                   | -                        | -                        | -                              | (79,295,055)    | (217,559,465)      | (296,854,520)              |
| Disposal of fractional shares   |       | -   | 270,758                  | -                                   | -                        | -                        | -                              | 270,758         | -                  | 270,758                    |
| Disposal of subsidiaries  |       | -   | -                        | -                                   | -                        | -                        | -                              | -               | (57,737,790)       | (57,737,790)               |
| <b>Balance at 31 December 2015</b>  |       | 2,075,335,560                               | 1,261,391,272            | 2,967,772                           | 15,437,498               | 881,972,330              | 3,637,206,565                  | 7,874,310,997   | 3,080,480          | 7,877,391,477              |

The accompanying notes form an integral part of these financial statements.

## CSG HOLDING CO., LTD.

**COMPANY'S STATEMENT OF CHANGES IN OWNERS' EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

| Item  | Share capital | Capital surplus | Other comprehensive income | Surplus reserve | Undistributed profits | Total shareholders' equity |
|---|---------------|-----------------|----------------------------|-----------------|-----------------------|----------------------------|
| <b>Balance at 1 January 2014</b>  | 2,075,335,560 | 1,402,034,992   | (49,497,250)               | 787,784,419     | 1,693,551,152         | 5,909,208,873              |
| <b>Movements for the year ended 31 December 2014</b>                        |               |                 |                            |                 |                       |                            |
| Total comprehensive income  |               |                 |                            |                 |                       |                            |
| Net profit  | -             | -               | -                          | -               | 575,336,724           | 575,336,724                |
| Other comprehensive income  | -             | -               | 34,273,395                 | -               | -                     | 34,273,395                 |
| Total comprehensive income  | -             | -               | 34,273,395                 | -               | 575,336,724           | 609,610,119                |
| Effects of the change in investees' other equity applying the equity method | -             | 726,103         | -                          | -               | -                     | 726,103                    |
| Profit distribution   | -             | -               | -                          | 57,533,672      | (680,134,340)         | (622,600,668)              |
| - Appropriation to surplus reserves   | -             | -               | -                          | 57,533,672      | (57,533,672)          | -                          |
| - Distribution to the shareholders  | -             | -               | -                          | -               | (622,600,668)         | (622,600,668)              |
| Disposal of fractional shares   | -             | 1,045,450       | -                          | -               | -                     | 1,045,450                  |
| <b>Balance at 31 December 2014</b>  | 2,075,335,560 | 1,403,806,545   | (15,223,855)               | 845,318,091     | 1,588,753,536         | 5,897,989,877              |
| <b>Balance at 1 January 2015</b>  | 2,075,335,560 | 1,403,806,545   | (15,223,855)               | 845,318,091     | 1,588,753,536         | 5,897,989,877              |
| <b>Movements for the year ended 31 December 2015</b>                        |               |                 |                            |                 |                       |                            |
| Total comprehensive income  |               |                 |                            |                 |                       |                            |
| Net profit  | -             | -               | -                          | -               | 511,995,994           | 511,995,994                |
| Other comprehensive income  | -             | -               | 15,223,855                 | -               | -                     | 15,223,855                 |
| Total comprehensive income  | -             | -               | 15,223,855                 | -               | 511,995,994           | 527,219,849                |
| Effects of the change in investees' other equity applying the equity method | -             | 726,104         | -                          | -               | -                     | 726,104                    |
| Profit distribution   | -             | -               | -                          | 51,199,599      | (1,088,867,379)       | (1,037,667,780)            |
| - Appropriation to surplus reserves   | -             | -               | -                          | 51,199,599      | (51,199,599)          | -                          |
| - Distribution to the shareholders  | -             | -               | -                          | -               | (1,037,667,780)       | (1,037,667,780)            |
| Disposal of fractional shares   | -             | 270,758         | -                          | -               | -                     | 270,758                    |
| <b>Balance at 31 December 2015</b>  | 2,075,335,560 | 1,404,803,407   | -                          | 896,517,690     | 1,011,882,151         | 5,388,538,808              |

The accompanying notes form an integral part of these financial statements.

## 1. General information

CSG Holding Co Ltd (the “Company”) was incorporated in September 1984, known as China South Glass Company, as a joint venture enterprise by Hong Kong China Merchants Shipping Co., LTD (香港招商局轮船股份有限公司), Shenzhen Building Materials Industry Corporation (深圳建筑材料工业集团公司), China North Industries Corporation (中国北方工业深圳公司) and Guangdong International Trust and Investment Corporation (广东国际信托投资公司). The Company was registered in Shenzhen, Guangdong Province of the People's Republic of China and its headquarter locates in Guangdong Province of the People's Republic of China. The Company issued RMB-dominated ordinary shares and foreign shares publicly in October 1991 and January 1992 respectively, and listed on Shenzhen Stock Exchange on February 1992. On 31 December 2015, the registered capital was RMB2,075,335,560, with nominal value of RMB1 per share.

The Company and its subsidiaries (collectively referred to as the “Group”) are mainly engaged in the manufacture and sales of floating glass, specialised glass, engineering glass, energy saving glass, silicon related materials, and solar panels, and the construction and operation of photovoltaic plant etc.

Details of major subsidiaries that were included in the financial statements please refer to Note 6(1), subsidiaries that are no longer included in the consolidation scope for the year ended 31 December 2015 mainly comprise Yichang CSG Photoelectric Glass Co, Ltd. (hereinafter “Yichang photoelectric”), China (Australia) CSG Co., Ltd. (hereinafter “Australia CSG”), refer to Note 5(1) for details.

The financial statements were authorised for issue by the board of directors on 23 March 2016.

## 2. Summary of significant accounting policies and accounting estimates

The Group determines its specific accounting policies and estimates according to manufacturing and operation feature. It mainly reflected in provision for bad debts of receivables (Note 2(10)), inventory costing method (Note 2(11)), amortisation of fixed assets and intangible assets (Note 2(13)(16)), criteria for determining capitalised development expenditure (Note 2(16)), and timing for revenue recognition (Note 2(23)).

Please see Note 2(29) for the key judgements adopted by the Group in applying important accounting policies.

### (1) Basis of preparation

The financial statements are prepared in accordance with the Accounting Standard for Business Enterprises - Basic Standard, and the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as “the Accounting Standard for Business Enterprises” or “CAS”), and “*Information Disclosure Rule No. 15 for Companies with Public Traded Securities - Financial Reporting General Provision*” issued by China Security Regulatory Commission.

As at 31 December 2015, the Group had net current liabilities of about RMB2.839 billion and committed capital expenditure of about RMB0.144 billion (Note 10(1)). The directors of the Company has assessed the following facts and conditions: a) the Group has been able to generate positive operating cash flows in prior years and expect to do so in the next 12 months, and in 2015, the net cash inflow from operation activities is approximately RMB1.09 billion; b) the Group has maintained good relationship with banks, so the Group has been able to successfully renew the bank facilities upon the expiry. As at 31 December 2015, the Group had unutilised banking facilities of approximately RMB5.9 billion, among which long-term banking facilities were about RMB1.7 billion. In addition, the Group has other sources of financing, such as issuing short-term bonds, ultra-short-term financing bonds and midium-term notes. The directors are of view that the banking facilities above can meet the funding requirements of the Group's debt servicing and capital commitment. Accordingly, the directors of the Company had adopted the going concern basis in the preparation of the financial statements of the Company and the Group.

### (2) Statement of compliance with the Accounting Standard for Business Enterprises

The financial statements of the Company for the year ended 31 December 2015 truly and completely present the financial position as of 31 December 2015 and the operating results, cash flows and other information for the year then ended of the Group and the Company in compliance with the Accounting Standards for Business Enterprises.

### (3) Accounting year

The Company's accounting year starts on 1 January and ends on 31 December.

### (4) Recording currency

The recording currency is Renminbi (RMB).

#### (5) Business combinations

##### (a) Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the absorbing party in a business combination are measured at the carrying amount. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (share premium). If the capital surplus (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

##### (b) Business combinations involving enterprises not under common control

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

#### (6) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations not involving enterprises under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' equity and the portion of a subsidiaries' net profits and losses and comprehensive incomes for the period not attributable to Company are recognised as minority interests and presented separately in the consolidated financial statements under equity, net profits and total comprehensive income respectively. Unrealised profits and losses resulting from the sale of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to shareholders of the parent. Unrealised profits and losses resulting from the sale of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to shareholders of the parent and non-controlling interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between net profit attributable to shareholders of the parent and non-controlling interests in accordance with the allocation proportion of the parent in the subsidiary.

If the accounting treatment of a transaction which considers the Group as an accounting entity is different from that considers the Company or its subsidiaries as an accounting entity, it is adjusted from the perspective of the Group.

#### (7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (8) Foreign currency translation

##### (a) Foreign currency transaction

Foreign currency transactions are translated into RMB using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

#### (b) Translation of foreign currency financial statements

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the shareholders' equity items, the items other than "undistributed profits" are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements of overseas operations are translated at the spot exchange rates of the transaction dates. The differences arising from the above translation are presented separately in the shareholders' equity. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

#### (9) Financial instrument

##### (a) Financial assets

##### (i) Classification of financial assets

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on the Group's intention and ability to hold the financial assets. The Group has no financial assets at fair value through profit or loss and held-to-maturity investments for 2015.

##### Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables comprise notes receivable, accounts receivable and other receivables. (Note2(10))

##### Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories at initial recognition. Available-for-sale financial assets are included in other current assets on the balance sheet if management intends to dispose of them within 12 months after the balance sheet date.

##### (ii) Recognition and measurement

Financial assets are recognised at fair value on the balance sheet when the Group becomes a party to the contractual provision of the financial instrument. The related transaction costs that are attributable to the acquisition of receivables and available-for-sale financial assets are included in their initial recognition amounts.

Available-for-sale financial assets are subsequently measured at fair value. Investments in equity instruments are measured at cost when they do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Receivables are measured at amortised cost using the effective interest method.

Gains or losses arising from changes in fair value of available-for-sale financial assets are recognised directly in equity, except for impairment losses and foreign exchange gains and losses arising from translation of monetary financial assets. When such financial assets are derecognised, the cumulative gains or losses previously recognised directly into equity are recycled into profit or loss for the current period. Interests on available-for-sale investments in debt instruments calculated using the effective interest method during the period in which such investments are held and cash dividends declared by the investee on available-for-sale investments in equity instruments are recognised as investment income, which is recognised in profit or loss for the period.

##### (iii) Impairment of non-financial assets

The Group assesses the carrying amounts of financial assets at each balance sheet date. If there is objective evidence



that a financial asset is impaired, an impairment loss is provided for.

The objective evidence of impairment losses on financial assets refers to events that actually incurred after the initial recognition of financial assets, have influence on the expected future cash flow from the financial assets and the influence can be reliably measured.

Objective evidence which indicates the occurrence of impairment for available-for-sale equity instruments includes significant or non-temporary decrease of fair value of equity instruments investment. The Group conducts individual inspection on each available-for-sale equity instruments investment at balance sheet date, if the fair value of the available-for-sale equity instrument is less than its initial investment cost for more than 50% (including 50%) or less than its initial investment cost continually for more than 1 year, that means impairment incurred; if the fair value of the available-for-sale equity instrument is less than its initial investment cost for more than 20% (including 20%) but has not reached 50%, the Group will comprehensively consider other factors such as price volatility to determine whether the equity instrument investment has been impaired. The Group calculates the initial investment cost of initial available-for-sale equity instruments investment using the weighted average method.

When an impairment loss on a financial asset carried at amortised cost has occurred, the amount of loss is provided for at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset recovered and the recovery is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss.

If an impairment loss on available-for-sale financial assets measured at fair value is incurred, the cumulative losses arising from the decline in fair value that had been recognised directly in shareholders' equity are transferred out from equity and into impairment loss. For an investment in debt instrument classified as available-for-sale on which impairment losses have been recognised, if, in a subsequent period, its fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the previously recognised impairment loss is reversed into profit or loss for the current period. For an investment in an equity instrument classified as available-for-sale on which impairment losses have been recognised, the increase in its fair value in a subsequent period is recognised directly in equity.

#### (iv) Derecognition of financial assets

Financial assets are derecognised when: i) the contractual rights to receive the cash flows from the financial assets have expired; or ii) all substantial risks and rewards of ownership of the financial assets have been transferred; or iii) the control over the financial asset has been waived even if the Group does not transfer or retain nearly all of the risks and rewards relating to the ownership of a financial asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that had been recognised directly in owner's equity, is recognised in profit or loss.

#### (b) Financial liabilities

Financial liabilities are classified into two categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities in the Group mainly comprise of other financial liabilities, including payables, borrowings and bonds payable.

Payables comprise accounts payable, notes payable and other payables, which are recognised initially at fair value and measured subsequently at amortised cost using the effective interest method.

Borrowings and bonds payable are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities within one year (including one year) is presented as current liabilities, while non-current financial liabilities due with one year (including one year) is reclassified as non-current liabilities due within one year. Others are presented as non-current liabilities.

A financial liability (or a part of a financial liability) is derecognised when all or part of the obligation is extinguished. The difference between the carrying amount of a financial liability (or a part of financial liability) extinguished and the consideration paid is recognised in the income statement.

#### (c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. During valuation, the Group adopts a valuation technique suitable for current situation, which is supported by sufficient available data and other information, chooses the inputs consistent with the feature of assets or liabilities considered in the transaction thereof with market participants, and uses related observable inputs in preference to the greatest extent. Unobservable inputs are used when it is unable to obtain or is infeasible for related observable inputs.

#### (10) Receivables

Receivables comprise notes receivable, accounts receivable and other receivables. Accounts receivable arising from sale of goods or rendering of services are initially recognised at fair value of the contractual payments from the buyers or service recipients.

(a) Receivables with amounts that are individually significant and subject to separate assessment for provision for bad debts

Receivables with amounts that are individually significant are subject to separate assessment for impairment. If there exists objective evidence that the Group will not be able to collect the amount under the original terms, a provision for bad debts of that receivable is made at the difference between its carrying amount and the present value of its estimated future cash flows.

The basis or amount for individually significant receivables is individually greater than RMB20 million.

(b) Receivables with amounts that are not individually significant but subject to separate assessment for provision for bad debts

If there exists objective evidence that the Group will not be able to collect the amount under the original terms, a provision for bad debts of that receivable is made at the difference between its carrying amount and the present value of its estimated future cash flows.

(c) Receivables that are subject to provision for bad debts on the grouping basis

Receivables with amounts that have not been individually provided for impairment are classified into certain groupings based on their credit risk characteristics. The provision for bad debts is determined based on the historical loss experience for the groupings of receivables with similar credit risk characteristics, taking into consideration of the current circumstances.

Basis on determine the portfolio is as below:

|             |  |
|-------------|--|
| Portfolio 1 | Receivables not impaired after separate assessment |
| Portfolio 2 | Related party portfolio                            |

The percentage of provision for the portfolio:

|             | Percentage of provision for<br>accounts receivable | Percentage of provision for other<br>receivables |
|-------------|--|--|
| Portfolio 1 | 2%   | 2%   |
| Portfolio 2 | 2%   | 2%   |

(d) The Group transfers receivables which have no recourse right to financial institution, the difference between the carrying amounts which is trade amount cut the write-off receivables and related tax expenses charged into the income statement.

#### (11) Inventories

(a) Classification

Inventories refer to manufacturing sector, including raw materials, work in progress, finished goods and turnover materials, and are measured at the lower of cost and net realisable value.

(b) Inventory costing method

Cost is determined using the weighted average method. The cost of finished goods and work in progress comprise raw

materials, direct labour and systematically allocated production overhead based on the normal production capacity.

(c) Amortisation methods of low value consumables and packaging materials

Turnover materials include low value consumables and packaging materials, which are expensed when issued.

(d) The determination of net realisable value and the method of provision for decline in the value of inventories

Provision for decline in the value of inventories is determined at the excess amount of the carrying amounts of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes.

(e) The Group adopts the perpetual inventory system.

(12) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, and the Group's long-term equity investments in its associates.

Subsidiaries are the investees over which the Company is able to exercise control. Associates are the investees that the Group has significant influence on their financial and operating policies.

Investments in subsidiaries are measured using the cost method in the Company's financial statements, and adjusted by using the equity method when preparing the consolidated financial statements. Investments in associates are accounted for using the equity method.

(a) Initial recognition

For long-term equity investments formed in business combination: when obtained from business combinations involving entities under common control, the long-term equity investment is stated at carrying amount of equity for the combined parties at the time of merger; when the long-term equity investment obtained from business combinations involving entities not under common control, the investment is measured at combination cost.

For long-term equity investments not formed in business combination: the one paid by cash is initially measured at actual purchase price; the long-term investment obtained by issuing equity securities is stated at fair value of equity securities as initial investment cost.

(b) Subsequent measurement and recognition of related profit and loss

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognised as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

Under the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. The Group discontinues recognising its share of the net losses of an investee after the carrying amounts of the long-term equity investment together with any long-term interests that in substance form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provision under the accounting standards on contingencies are satisfied, the Group continues recognising the investment losses and the provision. For changes in owners' equity of the investee other than those arising from its net profit or loss, the its proportionate share is directly recorded into capital surplus, provided that the proportion of the shareholding of the Group in the investee remains unchanged. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee. The unrealised profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, and then based on which the investment gains or losses are recognised. Any losses resulting from transactions between the Group and its investees attributable to asset impairment losses are not eliminated.

## (c) Basis for determining existence of control, joint control or significant influence over investees

The term "control" refers to the power in the investees, to obtain variable returns by participating in the related business activities of the investees, and the ability to affect the returns by exercising its power over the investees.

The term "significant influence" refers to the power to participate in the formulation of financial and operating policies of an enterprise, but not the power to control, or jointly control, the formulation of such policies with other parties.

## (d) Impairment of long-term equity investments

The carrying amount of long-term equity investments in subsidiaries and associates is reduced to the recoverable amount when the recoverable amount is less than the carrying amount (Note 2(18)).

## (13) Fixed assets

## (a) Recognition and initial measurement

Fixed assets comprise buildings, machinery and equipment, motor vehicles, computers and electronic equipment and office equipment.

Fixed assets are recognised when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the acquisition date.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

## (b) Depreciation methods of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

|                           | Estimated useful lives | Estimated residual value | Annual depreciation rate |
|---------------------------|------------------------|--------------------------|--------------------------|
| Buildings                 | 20 to 35 years         | 5%                       | 2.71% to 4.75%           |
| Machinery and equipment   | 8 to 20 years          | 5%                       | 4.75% to 11.88%          |
| Motor vehicles and others | 5 to 8 years           | 0%                       | 12.50% to 20.00%         |

The estimated useful life, the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

(c) The carrying amount of a fixed asset is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2 (18)).

## (d) Disposal

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

## (14) Construction in progress

Construction in progress is recorded at actual cost. Actual cost comprises construction cost, installation cost, borrowing costs eligible for capitalised condition and necessary expenditures incurred for its intended use. Actual cost also

includes net of trial production cost and trial production income before construction in progress is put into production.

Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month.

The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2 (18)).

#### (15) Borrowing costs

The borrowing costs that are directly attributable to the acquisition and construction of an asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of an asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalisation period.

For the general borrowings obtained for the acquisition or construction of an asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by applying the weighted average effective interest rate of general borrowings, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The effective interest rate is the rate at which the estimated future cash flows during the period of expected duration of the borrowings or applicable shorter period are discounted to the initial amount of the borrowings.

#### (16) Intangible assets

Intangible assets, including land use rights and, patents and exploitation rights, are measured at cost.

##### (a) Land use rights

Land use rights are amortised on the straight-line basis over their approved use period of 30 to 70 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognised as fixed assets.

##### (b) Patent and proprietary technology

Patents are amortised on a straight-line basis over the estimated use life.

##### (c) Exploitation rights

Exploitation rights are amortised on a straight-line basis over permitted exploitation periods on the exploitation certificate.

##### (d) Periodical review of useful life and amortisation method

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

##### (e) Research and development

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at end of the project.

Expenditure on the research phase related to planned survey, evaluation and selection for research on manufacturing technique is recognised in profit or loss in the period in which it is incurred. Prior to mass production, expenditure on the development phase related to the design and testing phase in regards to the final application of manufacturing

technique is capitalised only if all of the following conditions are satisfied:

- the development of manufacturing technique has been fully demonstrated by technical team;
- the management has approved the budget for the development of manufacturing technique;
- there are research and analysis of pre-market research explaining that products manufactured with such technique are capable of marketing;
- there is sufficient technical and capital to support the development of manufacturing technique and subsequent mass production; and the expenditure on manufacturing technique development can be reliably gathered.

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

#### (f) Impairment of intangible asset

The carrying amount of intangible assets is reduced to the recoverable amount when the recoverable amount is below the carrying amount (Note 2 (18)).

#### (17) Long-term prepaid expenses

Long-term prepaid expenses include the expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

#### (18) Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with finite useful lives and long-term equity investments in joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date; intangible assets not ready for their intended use are tested at least annually for impairment, irrespective of whether there is any indication that they may be impaired. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset groups or groups of asset groups, which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or groups of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

#### (19) Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits provided in various forms of consideration in exchange for service rendered by employees or compensations for the termination of employment relationship.

##### (a) Short-term employee benefits

Short-term employee benefits include wages or salaries, bonuses, allowances and subsidies, staff welfare, medical care, work injury insurance, maternity insurance, housing funds, labour union funds, employee education funds and paid short-term leave, etc. The employee benefit liabilities are recognised in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant

assets. Employee benefits which are non-monetary benefits shall be measured at fair value.

#### (b) Post-employment benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include basic pensions and unemployment insurance, both of which belong to the defined contribution plans.

#### Basic pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to prescribed bases and percentage by the relevant local authorities. When employees retire, local labour and social security institutions have a duty to pay the basic pension insurance to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

#### (c) Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; 2) when the Group recognises costs or expenses related to the restructuring that involves the payment of termination benefits.

The termination benefits expected to be paid within one year since the balance sheet date are classified as current liabilities.

#### (20) Dividend distribution

Cash dividend is recognised as a liability for the period in which the dividend is approved by the shareholders' meeting.

#### (21) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries and associates, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and liabilities are offset when:

- the deferred taxes are related to the same tax payer within the Group and the same taxation authority; and,

- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

## (22)Provisions

Business restructuring, provisions for product warranties, loss contracts etc. are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provision is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

## (23)Revenue recognition

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of discounts, rebates and returns.

Revenue is recognised when the economic benefits associated with the transaction will flow to the Group, the related revenue can be reliably measured, and the specific revenue recognition criteria have been met for each type of the Group's activities as described below:

### (a)Sale of goods

The Group mainly sells flat and engineer glass, fine glass, and products related to solar energy For domestic sales, the Group delivers the products to a certain place specified in the contract. When the buyer takes over the goods, the Group recognises revenue. For export sales, the Group recognises the revenue when it finished clearing goods for export and deliver the goods on board the vessel, or when the goods are delivered to a certain place specified in the contract. For above sales, when the buyer takes over the goods, the buyer has the right to sell the products, and should bear the risk of price fluctuation or goods damage.

### (b)Rendering of services

Revenue is recognised for the rendering of service by the Group to external parties upon the completion of related service.

### (c)Transfer of asset use rights

Interest income is recognised on a time-proportion basis using the effective interest method.

## (24)Government grants

Government grants are transfers of monetary or non-monetary assets from the government to the Group at nil consideration, including tax refund and financial subsidies, etc.

A government grant is recognised when there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions. Monetary government grants are measured at the amounts received or receivable. Non-monetary government grant are measured at fair value, if the fair value cannot be reliably obtained, it is measured at nominal amount.

The government grants related to assets refer to government grant obtained by enterprises and used for purchase and construction of long-term assets or formation of long-term asset in other ways. The government grants related to income refer to government grants other than those related to assets.



A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. Government grants measured at nominal amounts are recognised immediately in profit or loss for the current period.

For government grants related to income, where the grant is a compensation for related expenses or losses to be incurred by the Group in the subsequent periods, the grant is recognised as deferred income, and included in profit or loss over the periods in which the related costs are recognised; where the grant is a compensation for related expenses or losses already incurred by the Group, the grant is recognised immediately in profit or loss for the current period.

#### (25)Leases

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is a finance lease. An operating lease is a lease other than financing lease.

Lease payments under an operating lease are recognised on a straight-line basis over the period of the lease, and are either capitalised as part of the cost of related assets, or charged as an expense for the current period.

Lease income under an operating lease is recognised as revenue on a straight-line basis over the period of the lease.

#### (26)held for sale

A non-current asset or a disposal group is classified as held for sale when all of the following conditions are satisfied: (1) the non-current asset or the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such non-current asset or disposal group; (2) the Group has made a resolution and obtained appropriate approval for disposal of the non-current asset or the disposal group; (3) the Group has signed an irrevocable transfer agreement with the transferee; and (4) the transfer is to be completed within one year.

Non-current assets (except for financial assets, investment properties at fair value and deferred tax assets) that meet the recognition criteria for held for sale are recognised at the amount equal to the lower of the fair value less costs to sell and the carrying amount. The difference between fair value less costs to sell and carrying amount, should be presented as impairment loss.

Such non-current assets and assets included in disposal groups as classified as held for sale are accounted for as current assets; while liabilities included in disposal groups classified as held for sale are accounted for as current liabilities, and are presented separately in the balance sheet.

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and is separately identifiable operationally and for financial reporting purposes, and satisfies one of the following conditions: (1) represents a separate major line of business or geographical area of operations; (2) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; and (3) is a subsidiary acquired exclusively with a view to resale.

#### (27)Safety production reserve

According to relevant regulations of the Ministry of Finance and National Administration of Work Safety, a subsidiary of the Group which is engaged in producing and selling polysilicon appropriates safety production reserve on following basis:

- (a) 4% for revenue below RMB10 million of the year;
- (b) 2% for the revenue between RMB10 million to RMB100 million (inclusive) of the year;
- (c) 0.5% for the revenue between RMB100 million to RMB1 billion (inclusive) of the year;
- (d) 0.2% for the revenue above RMB1 billion of the year.

The safety production reserve is mainly used for the overhaul, renewal and maintenance of safety facilities. The safety production costs are charged to costs of related products or profit and loss when appropriated, and safety production reserve in equity account are credited correspondingly. When using the special reserve, if the expenditures are expenses in nature, the expenses incurred are offset against the special reserve directly when incurred. If the expenditures are capital expenditures, when projects are completed and transferred to fixed assets, the special reserve should be offset against the cost of fixed assets, and a corresponding accumulated depreciation are recognised. The fixed assets are no longer be depreciated in future.

#### (28)Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

#### (29) Critical accounting estimates and judgements

The Group continually evaluates the critical accounting estimates and key assumption applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

##### (a) Income taxes

The Group is subject to income taxes in numerous jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final identified outcome of these tax matters is different from the initially-recorded amount, such difference will impact the income tax expenses and deferred income tax in the period in which such determination is finally made.

##### (b) Deferred income tax

Estimates on deferred tax assets are based on estimates on amount of taxable income and applicable tax rate for every year. Realisation of deferred income tax are subject to sufficient taxable income that are possible to be obtained by the Group in the future. Change of the future tax rate as well as the reversed time of temporary difference might have effects on tax expense (income) and the balance of deferred tax assets or liabilities. Those estimates may also cause significant adjustment on deferred tax.

##### (c) Impairment of long-term assets (excluding goodwill)

Long-term assets at the balance sheet date should be subject to impairment testing if there are any indications of impairment. The management determines whether the long-term assets impaired or not by evaluating and analysing following aspects: (1) whether the event affecting assets impairment occurs; (2) whether the expected obtainable present value of future cash flows is lower than the asset's carrying amount by continually using the assets or disposal; and (3) whether the assumptions used in expected obtainable present value of future cash flows are appropriate.

Various assumptions, including the discount rate and growth rate applied in the method of present value of future cash flow, are required in evaluating the recoverable amount of assets. If these assumptions cannot be conformed, the recoverable amount should be modified, and the long-term assets may be impaired accordingly.

##### (d) The useful life of fixed assets

The management estimates the useful life of fixed assets, based on historical experiences on using fixed assets that have similar properties and functions. When there are differences between actually useful life and previously estimation, the management will adjust estimation to useful life of fixed assets. The fixed assets would be written off or written down when fixed assets been disposed or became redundant. Thus, the estimated result based on existing experience may be different from the actual result of the next accounting period, which may cause major adjustment to the carrying amount of fixed assets on balance sheet.

### 3. Taxation

(1) The main categories and rates of taxes applicable to the Group are set out below:

| Category              | Taxable basis  | Tax rate  |
|-----------------------|----------------|-----------|
| Enterprise income tax | Taxable income | 0% to 25% |

|                                       |   |                |
|---------------------------------------|---|----------------|
| Value-added tax ("VAT")               | Taxable value added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible VAT input of current period) | 17%            |
| Business tax                          | Taxable income  | 5%             |
| City maintenance and construction tax | Value added tax and business tax paid   | 1% to 7%       |
| Educational surcharge                 | Value added tax and business tax paid   | 3% to 5%       |
| Resource tax                          | Quantities of Silica sold   | 3 Yuan per ton |

Some subsidiaries of the Group have used the "exempt, credit, refund" method on goods exported and the refund rate is 5%-17%.

## (2) Tax incentives

Tianjin Energy Conservation Glass Co., Ltd. passed review on a high and new tech enterprise in 2015 and obtained the *Certificate of High and New Tech Enterprise*, the period of validity is three years. It applies to 15% tax rate for three years since 2015.

Dongguan CSG Architectural Glass Co., Ltd. was recognised as a high and new tech enterprise in 2013, and obtained the *Certificate of High and New Tech Enterprise*, the period of validity is three years. It applies to 15% tax rate for three years since 2013.

Wujiang CSG North-east Architectural Glass Co., Ltd. passed the review on a high and new tech enterprise in 2014, and obtained the *Certificate of High and New Tech Enterprise*, the period of validity is three years. It applies to 15% tax rate for three years since 2014.

Dongguan CSG Solar Glass Co., Ltd. passed the review on a high and new tech enterprise in 2014, and obtained the *Certificate of High and New Tech Enterprise*, the period of validity is three years. It applies to 15% tax rate for three years since 2014.

Yichang CSG Silicon Co., Ltd. passed the review on a high and new tech enterprise in 2014, and obtained the *Certificate of High and New Tech Enterprise*, the period of validity is three years. It applies to 15% tax rate for three years since 2014.

Dongguan CSG PV-tech Co., Ltd. was recognised as a high and new tech enterprise in 2013, and obtained the *Certificate of High and New Tech Enterprise*, the period of validity is three years. It applies to 15% tax rate for three years since 2013.

Hebei Shichuang Glass Co., Ltd. was recognised as a high and new tech enterprise in 2013, and obtained the *Certificate of High and New Tech Enterprise*, the period of validity is three years. It applies to 15% tax rate for three years since 2013.

Wujiang CSG Glass Co., Ltd. was recognised as a high and new tech enterprise in 2014, and obtained the *Certificate of High and New Tech Enterprise*, and the period of validity was three years. It applies to 15% tax rate for three years since 2014.

Xianning CSG Glass Co Ltd. was recognised as a high and new tech enterprise in 2014, and obtained the *Certificate of High and New Tech Enterprise*, the period of validity is three years. It applies to 15% tax rate for three years since 2014.

Sichuan CSG Energy Conservation Glass Co., Ltd. obtains enterprise income tax preferential treatment for Western Development, and temporarily calculates enterprise income tax at a tax rate of 15% for current year.

Chengdu CSG Glass Co., Ltd. obtains enterprise income tax preferential treatment for Western Development, and temporarily calculates enterprise income tax at a tax rate of 15% for current year.

Qingyuan CSG New Energy Co., Ltd., Suzhou CSG PV-tech Co.,Ltd. And Wujiang CSG New Energy Co.,Ltd. are entitled to three years' exemption from income taxes followed by three years of a 50% tax reduction, with above tax preferential period started from 1 January 2015, and subject to a corporate income tax of 0% for this year. At the same time, according to Fo Guang Guoshui Shui Tong [2015] No. 2489, the photovoltaic generation VAT of Qingyuan CSG New Energy Co., Ltd. is applicable to the VAT policy of immediate refund upon payment.

## 4. Notes to the consolidated financial statements

## (1)Cash at bank and on hand

|                                   | 31 December 2015   | 31 December 2014   |
|-----------------------------------|--------------------|--------------------|
| Cash on hand                      | 20,172             | 17,163             |
| Cash at bank                      | 574,654,753        | 156,633,575        |
| Other cash balances               | 4,159,595          | 1,488,312          |
|                                   | <u>578,834,520</u> | <u>158,139,050</u> |
| Including: Total overseas deposit | <u>4,694,162</u>   | <u>19,445,274</u>  |

Other cash balances include margin deposits for issuing letters of credit and applying loans, amounting to RMB4,089,643 (31 December 2014: RMB1,300,790), which is restricted cash.

## (2)Notes receivable

|                        | 31 December 2015   | 31 December 2014   |
|------------------------|--------------------|--------------------|
| Trade acceptance notes | 266,547,833        | 35,158,725         |
| Bank acceptance notes  | 186,998,705        | 120,429,904        |
|                        | <u>453,546,538</u> | <u>155,588,629</u> |

(a)As at 31 December 2015, notes receivable which have been endorsed or discounted by the Group but are not yet due are as follows:

|                        | Derecognised         | Not derecognised   |
|------------------------|----------------------|--------------------|
| Trade acceptance notes | -                    | 168,260,639        |
| Bank acceptance notes  | 2,074,173,908        | -                  |
|                        | <u>2,074,173,908</u> | <u>168,260,639</u> |

## (3)Accounts receivable

|                               | 31 December 2015   | 31 December 2014   |
|-------------------------------|--------------------|--------------------|
| Accounts receivable           | 462,441,209        | 325,849,881        |
| Less: Provision for bad debts | (9,479,597)        | (7,575,307)        |
|                               | <u>452,961,612</u> | <u>318,274,574</u> |

(a)The ageing of accounts receivable is analysed as follows:

|               | 31 December 2015   | 31 December 2014   |
|---------------|--------------------|--------------------|
| Within 1 year | 462,008,298        | 318,185,786        |
| 1 to 2 years  | 386,449            | 5,976,526          |
| 2 to 3 years  | 46,462             | 1,687,569          |
|               | <u>462,441,209</u> | <u>325,849,881</u> |

As at 31 December 2015, the Group has no overdue but not impaired accounts receivable (31 December 2014: Nil).

(b)Accounts receivable are analysed by categories as follows:

|   | 31 December 2015 |                    |                         |      | 31 December 2014 |                    |                         |      |
|---|------------------|--------------------|-------------------------|------|------------------|--------------------|-------------------------|------|
|   | Carrying amount  |                    | Provision for bad debts |      | Carrying amount  |                    | Provision for bad debts |      |
|   | Amount           | % of total balance | Provision for bad debts | %    | Amount           | % of total balance | Provision for bad debts | %    |
| Provision for bad debts by groupings  |                  |                    |                         |      |                  |                    |                         |      |
| Portfolio 1   | 453,786,944      | 98%                | (8,610,132)             | 2%   | 324,373,257      | 100%               | (6,511,385)             | 2%   |
| Portfolio 2   | 7,943,674        | 2%                 | (158,874)               | 2%   | 421,124          | 0%                 | (8,422)                 | 2%   |
| With amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis | 710,591          | 0%                 | (710,591)               | 100% | 1,055,500        | 0%                 | (1,055,500)             | 100% |
|   | 462,441,209      | 100%               | (9,479,597)             | 2%   | 325,849,881      | 100%               | (7,575,307)             | 2%   |

(c) Provision for bad debts is provided on grouping basis using the percentage of provision method are analysed as follows:

|             | 31 December 2015 |             |                         | 31 December 2014 |             |                         |
|-------------|------------------|-------------|-------------------------|------------------|-------------|-------------------------|
|             | Carrying amount  |             | Provision for bad debts | Carrying amount  |             | Provision for bad debts |
|             | Amount           | Amount      | Percentage              | Amount           | Amount      | Percentage              |
|             |                  |             |                         |                  |             |                         |
| Portfolio 1 | 453,786,944      | (8,610,132) | 2%                      | 324,373,257      | (6,511,385) | 2%                      |
| Portfolio 2 | 7,943,674        | (158,874)   | 2%                      | 421,124          | (8,422)     | 2%                      |
|             | 461,730,618      | (8,769,006) | 2%                      | 324,794,381      | (6,519,807) | 2%                      |

(d) As at 31 December 2015, the Company had no accounts receivable with amounts that were individually significant and that the related provision for bad debts was provided on the individual basis (31 December 2014: Nil).

(e) As at 31 December 2015, accounts receivable of RMB710,591 (31 December 2014: RMB1,055,500) was not individually significant but provided for bad debts separately. It represented the trade receivables of the subsidiary of Xianning CSG Energy Conservation Glass Co., Ltd. Due to the business dispute, Xianning CSG Energy Conservation Glass Co Ltd. made full provision against this receivable.

Accounts receivables of RMB144,069 were written off this year, all of which were low amount of accounts receivable and none of which arose from related-party transactions. The reasons for the written-off included disputes with customers and inability to contact with creditors and etc.

(g) As at 31 December 2015, the Group's top five entities with the largest accounts receivable balances are set out as below:

|   | Balance     | Provision for bad debts | Percentage in total accounts receivable balance |
|---|-------------|-------------------------|---|
| Total balances for the five largest accounts receivable | 150,991,192 | (3,019,824)             | 33%   |

#### (4) Other receivables

|  | 31 December 2015 | 31 December 2014 |
|--|------------------|------------------|
| Receivables from related parties (Note 8(5)) | 90,436,480       | -                |
| Refundable deposits                          | 10,341,895       | 11,722,126       |

|  |                    |                   |
|--|--------------------|-------------------|
| Payments made on behalf of other parties | 12,865,719         | 10,877,574        |
| Petty cash                               | 1,014,999          | 1,100,583         |
| Export tax rebates receivable            | 1,995,748          | 885,580           |
| Others                                   | 1,943,311          | 1,917,411         |
|  | <u>118,598,152</u> | <u>26,503,274</u> |
| Less: Provision for bad debts            | <u>(2,373,782)</u> | <u>(530,118)</u>  |
|  | <u>116,224,370</u> | <u>25,973,156</u> |

(a) The ageing of other receivables is analysed as follows:

|               | 31 December 2015   | 31 December 2014  |
|---------------|--------------------|-------------------|
| Within 1 year | 113,589,830        | 20,614,986        |
| 1 to 2 years  | 915,962            | 787,282           |
| 2 to 3 years  | 249,004            | 3,073,147         |
| 3 to 4 years  | 2,797,061          | 1,550,600         |
| 4 to 5 years  | 653,295            | 393,000           |
| Over 5 years  | 393,000            | 84,259            |
|               | <u>118,598,152</u> | <u>26,503,274</u> |

As at 31 December 2015, the Group has overdue but not impaired accounts other receivable RMB 3,843,356. (31 December 2014: RMB 2,027,859).

(b) Other receivables are analysed by categories as follows:

|                                      | 31 December 2015   |                    |                         |            | 31 December 2014  |                    |                         |            |
|--------------------------------------|--------------------|--------------------|-------------------------|------------|-------------------|--------------------|-------------------------|------------|
|                                      | Carrying amount    |                    | Provision for bad debts |            | Carrying amount   |                    | Provision for bad debts |            |
|                                      | Amount             | % of total balance | Provision for bad debts | Percentage | Amount            | % of total balance | Provision for bad debts | Percentage |
| Provision for bad debts by groupings |                    |                    |                         |            |                   |                    |                         |            |
| Portfolio 1                          | 28,161,672         | 24%                | (565,052)               | 2%         | 26,503,274        | 100%               | (530,118)               | 2%         |
| Portfolio 2                          | 90,436,480         | 76%                | (1,808,730)             | 2%         | -                 | -                  | -                       | -          |
|                                      | <u>118,598,152</u> | <u>100%</u>        | <u>(2,373,782)</u>      | <u>2%</u>  | <u>26,503,274</u> | <u>100%</u>        | <u>(530,118)</u>        | <u>2%</u>  |

(c) Other receivables of RMB1,691 were written off this year, all of which were low amount of accounts receivable and none of which arose from related-party transactions. The reasons for the written-off included disputes with customers and inability to contact with creditors and etc.

(d) For other receivables provided for bad debts by portfolio, the percentage of provision for the portfolio is as follows:

|             | 31 December 2015   |                    |                         | 31 December 2014  |                  |                         |
|-------------|--------------------|--------------------|-------------------------|-------------------|------------------|-------------------------|
|             | Carrying amount    |                    | Provision for bad debts | Carrying amount   |                  | Provision for bad debts |
|             | Amount             | Amount             | Percentage              | Amount            | Amount           | Percentage              |
| Portfolio 1 | 28,161,672         | (565,052)          | 2%                      | 26,503,274        | (530,118)        | 2%                      |
| Portfolio 2 | 90,436,480         | (1,808,730)        | 2%                      | -                 | -                | -                       |
|             | <u>118,598,152</u> | <u>(2,373,782)</u> | <u>2%</u>               | <u>26,503,274</u> | <u>(530,118)</u> | <u>2%</u>               |

(e) As at 31 December 2015, the top 5 largest other receivables are analysed as below:

|           | Nature of business      | Balance            | Ageing        | Percentage in total other receivables balance | Provision for bad debts |
|-----------|-------------------------|--------------------|---------------|---|-------------------------|
| Company A | Related parties         | 88,567,552         | Within 1 year | 75%   | (1,771,351)             |
| Company B | Independent third party | 9,676,084          | Within 1 year | 8%  | (193,522)               |
| Company C | Independent third party | 5,050,000          | Within 1 year | 4%  | (101,000)               |
| Company D | Independent third party | 1,000,000          | Within 1 year | 1%  | (20,000)                |
| Company E | Independent third party | 1,000,000          | Within 1 year | 1%  | (20,000)                |
|           |                         | <u>105,293,636</u> |               | <u>89%</u>                                    | <u>(2,105,873)</u>      |

## (5)Advances to suppliers

(a)The ageing of advances to suppliers is analysed below:

|               | 31 December 2015   |                    | 31 December 2014  |                    |
|---------------|--------------------|--------------------|-------------------|--------------------|
|               | Amount             | % of total balance | Amount            | % of total balance |
| Within 1 year | 106,939,220        | 97%                | 79,212,988        | 94%                |
| 1 to 2 years  | 2,546,699          | 2%                 | 2,380,189         | 3%                 |
| 2 to 3 years  | -                  | -                  | 1,153,376         | 1%                 |
| Over 3 years  | 355,376            | 1%                 | 1,485,000         | 2%                 |
|               | <u>109,841,295</u> | <u>100%</u>        | <u>84,231,553</u> | <u>100%</u>        |

As at 31 December 2015, advances to suppliers ageing over one year amount to RMB2,902,075 (31 December 2014: RMB5,018,565). They were mainly the advances of materials, and the payment had not been selected because the materials had not been received.

(b)As at 31 December 2015, the top five largest advances to supplies are set out as below:

|  | Balance           | Percentage in total advances balance |
|--|-------------------|--------------------------------------|
| Total advances for the five largest advances | <u>63,637,777</u> | <u>58%</u>                           |

## (6)Inventories

(a)The inventory is categorised as below:

|                    | 31 December 2015   |   |                    | 31 December 2014   |   |                    |
|--------------------|--------------------|---|--------------------|--------------------|---|--------------------|
|                    | Carrying amount    | Provision for decline in the value of inventories | Carrying amount    | Carrying amount    | Provision for decline in the value of inventories | Carrying amount    |
| Raw materials      | 136,073,385        | (1,988,441)                                       | 134,084,944        | 182,724,650        | (2,635,772)                                       | 180,088,878        |
| Work in progress   | 12,201,768         | -   | 12,201,768         | 13,529,352         | -   | 13,529,352         |
| Finished goods     | 169,850,460        | (21,650)  | 169,828,810        | 166,376,712        | (187,065)   | 166,189,647        |
| Turnover materials | 34,310,210         | -   | 34,310,210         | 30,844,741         | -   | 30,844,741         |
|                    | <u>352,435,823</u> | <u>(2,010,091)</u>                                | <u>350,425,732</u> | <u>393,475,455</u> | <u>(2,822,837)</u>                                | <u>390,652,618</u> |

(b)Provision for decline in the value of inventories are analysed as follows:

|                | 31 December<br>2014 | Increase in<br>current year | Written off in<br>current year | 31 December<br>2015 |
|----------------|---------------------|-----------------------------|--------------------------------|---------------------|
| Finished goods | 187,065             | -                           | (165,415)                      | 21,650              |
| Raw materials  | 2,635,772           | -                           | (647,331)                      | 1,988,441           |
|                | <u>2,822,837</u>    | <u>-</u>                    | <u>(812,746)</u>               | <u>2,010,091</u>    |

(c) The provisions for declines in the value of inventories is analysed below:

|                | Basis for provision of decline in the value of inventories | Reasons of reversal<br>of the decline in the<br>value of inventories |
|----------------|--|--|
| Finished goods | The amount of carrying amount less net realisable value    | Sold   |
| Raw materials  | The amount of book value less net realisable value         | Used   |

#### (7) Other current assets

|                               | 31 December 2015   | 31 December 2014   |
|-------------------------------|--------------------|--------------------|
| VAT to be offset              | 101,333,684        | 177,597,527        |
| Enterprise income tax prepaid | <u>17,025,433</u>  | <u>42,311,190</u>  |
|                               | <u>118,359,117</u> | <u>219,908,717</u> |

#### (8) Available-for-sale financial assets

|   | 31 December 2015 | 31 December 2014   |
|---|------------------|--------------------|
| Measured at fair value                  |                  |                    |
| - Available-for-sale equity instruments | -                | 145,568,100        |
| Less: Provision for impairment          | <u>-</u>         | <u>-</u>           |
|   | <u>-</u>         | <u>145,568,100</u> |

(a) Details of available-for-sale financial assets are set out as below:

|  | 31 December 2015 | 31 December 2014 |
|--|------------------|------------------|
| Available-for-sale equity instruments        |                  |                  |
| - Fair value                                 | -                | 145,568,100      |
| - Cost                                       | -                | 166,695,803      |
| - Accumulation of other comprehensive income | -                | (21,127,703)     |
| - Accumulated provision for impairment       | <u>-</u>         | <u>-</u>         |

#### (9) Long-term equity investments

|  | 31 December 2015   | 31 December 2014   |
|--|--------------------|--------------------|
| Associates (a)   | 668,210,253        | 751,623,543        |
| Less: Provision for impairment of long-term equity investments | <u>-</u>           | <u>-</u>           |
|  | <u>668,210,253</u> | <u>751,623,543</u> |



There is no significant restriction on sale of the long-term equity investments held by the Group.

(a) Associates

|                                       | Movements for the year ended 31 December 2015 |  |                         |   |                               |        | 31 December 2015 | Provision for impairment loss |
|---------------------------------------|---|--|-------------------------|---|-------------------------------|--------|------------------|-------------------------------|
|                                       | 31 December 2014                              | Share of net profit/(Loss) using the equity method | Other changes in equity | Cash dividends or profit distributions declared | Provision for impairment loss | Others |                  |                               |
| Shenzhen Display Technology Co., Ltd. | 751,623,543                                   | (7,960,731)  | 324,662                 | (75,777,221)                                    | -                             | -      | 668,210,253      | -                             |

Equity related information in associates please refer to Note 6(2).

(10) Fixed assets

|  | Buildings     | Machinery and equipment | Motor vehicles | Total          |
|--|---------------|-------------------------|----------------|----------------|
| Cost   |               |                         |                |                |
| 31 December 2014                                     | 3,161,138,920 | 9,197,302,560           | 179,847,700    | 12,538,289,180 |
| Increase in current year                             |               |                         |                |                |
| Acquisition  | 2,051,048     | 44,780,116              | 6,377,539      | 53,208,703     |
| Transfers from construction in progress (Note 4(11)) | 265,898,163   | 1,227,811,250           | 4,932,265      | 1,498,641,678  |
| Decrease in current year                             |               |                         |                |                |
| Disposal or retirement                               | (70,864,293)  | (275,868,792)           | (7,261,120)    | (353,994,205)  |
| Transfer in construction in progress                 | (3,132,603)   | (209,336,054)           | -              | (212,468,657)  |
| 31 December 2015                                     | 3,355,091,235 | 9,984,689,080           | 183,896,384    | 13,523,676,699 |

Accumulated depreciation

|                                      |             |               |             |               |
|--------------------------------------|-------------|---------------|-------------|---------------|
| 31 December 2014                     | 400,776,254 | 1,962,883,229 | 131,218,015 | 2,494,877,498 |
| Increase in current year             |             |               |             |               |
| Provision                            | 104,404,307 | 668,317,731   | 23,264,516  | 795,986,554   |
| Decrease in current year             |             |               |             |               |
| Disposal or retirement               | (686,283)   | (7,566,394)   | (4,079,265) | (12,331,942)  |
| Transfer in construction in progress | (1,340,739) | (145,483,368) | -           | (146,824,107) |
| 31 December 2015                     | 503,153,539 | 2,478,151,198 | 150,403,266 | 3,131,708,003 |

Provision for impairment loss

|                  |   |             |   |             |
|------------------|---|-------------|---|-------------|
| 31 December 2014 | - | 192,293,767 | - | 192,293,767 |
| 31 December 2015 | - | 192,293,767 | - | 192,293,767 |

Carrying amount

|                  |               |               |            |                |
|------------------|---------------|---------------|------------|----------------|
| 31 December 2015 | 2,851,937,696 | 7,314,244,115 | 33,493,118 | 10,199,674,929 |
| 31 December 2014 | 2,760,362,666 | 7,042,125,564 | 48,629,685 | 9,851,117,915  |

In 2015, the depreciation amount provided for fixed assets was RMB795,986,554 (2014: RMB709,187,358), and the amount of depreciation expense charged to cost of sales, selling expenses, general and administrative expenses and construction in progress were RMB714,879,317 (2014: RMB619,530,394), RMB1,143,119 (2014: RMB1,294,660), RMB69,203,264 (2014: RMB77,380,138), and RMB10,760,854 (2014: RMB10,982,166) respectively.

The cost of property, plant, and equipment transferred from constructions in progress was RMB1,498,641,678 (2014: RMB3,047,793,889).

(a) Property, plant, and equipment that does not obtain ownership certificate

|                               | Carrying amount | Reason   |
|-------------------------------|-----------------|--|
| Buildings                     | 759,480,104     | Have submitted the required documents and are in the process of application, or the related land use right certificate pending |
| (11) Construction in progress |                 |  |

|   | 31 December 2015     |                               |                      | 31 December 2014     |                               |                      |
|---|----------------------|-------------------------------|----------------------|----------------------|-------------------------------|----------------------|
|   | Carrying amount      | Provision for impairment loss | Carrying amount      | Carrying amount      | Provision for impairment loss | Carrying amount      |
| Qingyuan high-performance ultrathin electronic glass project                    | 491,656,054          | -                             | 491,656,054          | 329,196,892          | -                             | 329,196,892          |
| Chengdu Float 700T line tech-renovation   | 223,787,831          | -                             | 223,787,831          | 125,046,580          | -                             | 125,046,580          |
| Hebei float 900T tech-innovation project  | 219,284,657          | -                             | 219,284,657          | 206,731,167          | -                             | 206,731,167          |
| Dongguan PV Tech 200MW PV-tech Battery Expansion project                        | 138,128,566          | -                             | 138,128,566          | 137,416,428          | -                             | 137,416,428          |
| Dongguan Solar Glass Phase I and II improvement project                         | 78,769,781           | (33,075,116)                  | 45,694,665           | 198,222,378          | (33,075,116)                  | 165,147,262          |
| Wujiang float glass project   | 71,554,818           | (19,876,460)                  | 51,678,358           | 70,831,532           | (19,876,460)                  | 50,955,072           |
| Chengdu Float 550T line tech-renovation   | 66,834,070           | -                             | 66,834,070           | -                    | -                             | -                    |
| Xianning energy-saving glass project  | 13,392,938           | -                             | 13,392,938           | 59,279,228           | -                             | 59,279,228           |
| Sichuan energy-saving project Phase III   | 12,700,388           | -                             | 12,700,388           | 121,483,787          | -                             | 121,483,787          |
| Wujiang energy glass expansion project  | 4,054,084            | -                             | 4,054,084            | 16,203,036           | -                             | 16,203,036           |
| Yichang 700MW silicon slice expansion project phase III                         | 2,417,282            | -                             | 2,417,282            | 3,179,106            | -                             | 3,179,106            |
| Yichang ultrathin electronic glass project                                      | -                    | -                             | -                    | 331,017,838          | -                             | 331,017,838          |
| Dongguan Solar Glass online coating film project                                | -                    | -                             | -                    | 151,377,587          | -                             | 151,377,587          |
| Electronic Silicon products expansion project with annual capacity of 1000 tons | -                    | -                             | -                    | 78,039,730           | -                             | 78,039,730           |
| Wujiang new energy distributed generation project                               | -                    | -                             | -                    | 52,761,779           | -                             | 52,761,779           |
| Suzhou PV distributed generation project  | -                    | -                             | -                    | 36,670,408           | -                             | 36,670,408           |
| Others  | 69,711,887           | -                             | 69,711,887           | 70,089,836           | -                             | 70,089,836           |
|   | <u>1,392,292,356</u> | <u>(52,951,576)</u>           | <u>1,339,340,780</u> | <u>1,987,547,312</u> | <u>(52,951,576)</u>           | <u>1,934,595,736</u> |

## (a) Movement of significant project

| Project name  | Budget        | 31 December 2014 | Increase in current year | Transfer to fixed assets | Decrease in current year | 31 December 2015 | Proportion between Engineering input and budget (i) | Amount of borrowing costs capitalised in 2015 | Including: Amount of borrowing costs capitalised in 2015 | Capitalisation rate for 2015 | Source of fund              |
|---|---------------|------------------|--------------------------|--------------------------|--------------------------|------------------|---|---|--|------------------------------|-----------------------------|
| Qingyuan high-performance ultrathin electronic glass project                    | 471,660,000   | 329,196,892      | 184,746,736              | (22,287,574)             | -                        | 491,656,054      | 99%   | 11,285,742                                    | 10,082,919   | 5.20%                        | Internal fund and bank loan |
| Chengdu Float 700T line tech-renovation   | 106,053,391   | 125,046,580      | 98,741,251               | -                        | -                        | 223,787,831      | 79%   | 778,377                                       | 778,377  | 5.02%                        | Internal fund and bank loan |
| Hebei float 900T tech-innovation project  | 124,000,000   | 206,731,167      | 13,693,927               | -                        | (1,140,437)              | 219,284,657      | 9%  | -   | -  | -                            | Internal fund               |
| Dongguan PV Tech 200MW PV-tech Battery Expansion project                        | 697,000,000   | 137,416,428      | 6,632,752                | (5,702,556)              | (218,058)                | 138,128,566      | 96%   | 32,015,800                                    | 1,241,966  | 5.04%                        | Internal fund and bank loan |
| Dongguan Solar Glass Phase I and II improvement project                         | 396,410,000   | 198,222,378      | 7,784,075                | (127,236,672)            | -                        | 78,769,781       | 80%   | -   | -  | -                            | Internal fund               |
| Wujiang float glass project   | 845,630,000   | 70,831,532       | 1,919,780                | (888,768)                | (307,726)                | 71,554,818       | 99%   | 20,120,444                                    | -  | -                            | Internal fund and bank loan |
| Chengdu Float 550T line tech-renovation   | 200,000,000   | -                | 67,088,771               | (210,001)                | (44,700)                 | 66,834,070       | 2%  | -   | -  | -                            | Internal fund               |
| Xianning energy-saving glass project  | 295,270,606   | 59,279,228       | 23,576,042               | (68,808,040)             | (654,292)                | 13,392,938       | 97%   | 11,306,278                                    | 908,862  | 5.35%                        | Internal fund and bank loan |
| Sichuan energy-saving project Phase III   | 222,817,517   | 121,483,787      | 24,246,846               | (131,675,385)            | (1,354,860)              | 12,700,388       | 92%   | -   | -  | -                            | Internal fund               |
| Wujiang energy glass expansion project  | 500,000,000   | 16,203,036       | 5,389,081                | (17,469,384)             | (68,649)                 | 4,054,084        | 84%   | 6,321,397                                     | -  | -                            | Internal fund and bank loan |
| Yichang 700MW silicon slice expansion project phase III (ii)                    | 1,980,000,000 | 3,179,106        | 203,946,602              | (204,708,426)            | -                        | 2,417,282        | 68%   | 17,345,658                                    | 2,102,626  | 5.42%                        | Internal fund and bank loan |
| Yichang ultrathin electronic glass project                                      | 320,000,000   | 331,017,838      | 3,093,290                | (333,628,616)            | (482,512)                | -                | -   | 4,882,329                                     | 1,281,160  | 5.47%                        | Internal fund and bank loan |
| Dongguan Solar Glass online coating film project                                | 250,000,000   | 151,377,587      | 105,530,052              | (256,907,639)            | -                        | -                | -   | 6,275,323                                     | 5,079,139  | 5.19%                        | Internal fund and bank loan |
| Electronic Silicon products expansion project with annual capacity of 1000 tons | 112,485,200   | 78,039,730       | 65,800,109               | (143,839,839)            | -                        | -                | -   | 4,960,613                                     | 3,991,233  | 5.42%                        | Internal fund and bank loan |
| Wujiang new energy distributed generation project                               | 76,320,000    | 52,761,779       | 3,875,711                | (56,637,490)             | -                        | -                | -   | -   | -  | -                            | Internal fund               |
| Suzhou PV distributed generation project  | 50,122,360    | 36,670,408       | 5,381,569                | (42,051,977)             | -                        | -                | -   | -   | -  | -                            | Internal fund               |
| Qingyuan new energy distributed generation project                              | 45,130,000    | -                | 23,808,948               | (23,808,948)             | -                        | -                | -   | -   | -  | -                            | Internal fund               |
| Others  | 1,208,770,000 | 70,089,836       | 62,405,021               | (62,780,363)             | (2,607)                  | 69,711,887       | -   | 46,643,292                                    | 1,194,795  | 0%~6.0%                      | Internal fund and bank loan |
|   |               | 1,987,547,312    | 907,660,563              | (1,498,641,678)          | (4,273,841)              | 1,392,292,356    |   | 161,935,253                                   | 26,661,077   |                              |                             |

(i) The proportion of project expenditure incurred to the budget is determined by the accumulative expenditures incurred divided by the total budget. Some of the projects are transferred to property, plant, and equipment because the construction is completed.

(ii) The budget and actual expenditures incurred for these kinds of projects include cost of acquiring land use rights. The balance of construction in progress does not include the costs of acquiring land-use right.

## (b) Provision for impairment of construction in progress

| Project name  | 31 December 2014  | Increase in current year | Decrease in current year | 31 December 2015  | Reason for provision |
|---|-------------------|--------------------------|--------------------------|-------------------|----------------------|
| Dongguan Solar Glass Phase I and II improvement project | 33,075,116        | -                        | -                        | 33,075,116        | -                    |
| Wujiang float glass project                             | 19,876,460        | -                        | -                        | 19,876,460        | -                    |
|   | <u>52,951,576</u> | <u>-</u>                 | <u>-</u>                 | <u>52,951,576</u> |                      |

## (12) Intangible assets and development expenditure

|                          | Land use rights | Patents     | Exploitation rights | Others     | Total         |
|--------------------------|-----------------|-------------|---------------------|------------|---------------|
| Cost                     |                 |             |                     |            |               |
| 31 December 2014         | 931,090,930     | 135,336,024 | 4,456,536           | 23,661,302 | 1,094,544,792 |
| Acquisition              | -               | 187,160     | -                   | 167,691    | 354,851       |
| Decrease in current year | (71,807,212)    | -           | -                   | (582,480)  | (72,389,692)  |
| 31 December 2015         | 859,283,718     | 135,523,184 | 4,456,536           | 23,246,513 | 1,022,509,951 |

## Accumulated amortisation

|                          |             |            |           |            |             |
|--------------------------|-------------|------------|-----------|------------|-------------|
| 31 December 2014         | 85,968,450  | 34,580,234 | 2,504,801 | 11,694,517 | 134,748,002 |
| Increase in current year | 18,238,765  | 9,026,587  | 400,641   | 4,290,846  | 31,956,839  |
| Decrease in current year | (3,617,115) | -          | -         | (27,066)   | (3,644,181) |
| 31 December 2015         | 100,590,100 | 43,606,821 | 2,905,442 | 15,958,297 | 163,060,660 |

## Provision for impairment loss

|                  |   |            |   |       |            |
|------------------|---|------------|---|-------|------------|
| 31 December 2014 | - | 13,201,347 | - | 9,133 | 13,210,480 |
| 31 December 2015 | - | 13,201,347 | - | 9,133 | 13,210,480 |

## Carrying amount

|                  |             |            |           |            |             |
|------------------|-------------|------------|-----------|------------|-------------|
| 31 December 2015 | 758,693,618 | 78,715,016 | 1,551,094 | 7,279,083  | 846,238,811 |
| 31 December 2014 | 845,122,480 | 87,554,443 | 1,951,735 | 11,957,652 | 946,586,310 |

In 2015, the amortisation of intangible assets amounted to RMB31,956,839 (2014: RMB31,158,918).

As at 31 December 2015, ownership certificates of land use right ("Land ownership Certificates") for certain land use rights of the Group with carrying amounts of approximately RMB5,179,819 (cost: RMB5,650,712) had not yet been obtained by the Group (31 December 2014: carrying amount: RMB17,966,349, cost: RMB18,273,829). The Company's management are of the view that there is no legal restriction for the Group to apply for and obtain the Land Ownership Certificates and has no adverse effect on the Group's business operation.

Research expenditure is analysed below:

|                         | 31 December 2014  | Increase in current year | Decrease in current year                          | 31 December 2015  |
|-------------------------|-------------------|--------------------------|---|-------------------|
|                         |                   |                          | Recognised expense ; Recognised intangible assets |                   |
| Development expenditure | <u>17,675,656</u> | <u>10,581,812</u>        | <u>(1,977,042)</u>                                | <u>26,280,426</u> |

In 2015, the total amount of research and development expenditures of the Group was RMB239,933,028 (2014: RMB208,137,482), including RMB231,328,258 (2014: RMB182,975,076) recorded in income statement for current period and no research and development expenditure was recognised as intangible assets for current period (2014: RMB17,368,060). As at 31 December 2015, the intangible assets arising from internal research and development accounted for 9.44% of total of intangible assets (31 December 2014: 8.44%)

## (13) Goodwill

|              | 31 December<br>2014 | Increase in<br>current year | Decrease in<br>current year | 31 December<br>2015 |
|--------------|---------------------|-----------------------------|-----------------------------|---------------------|
| Goodwill (i) | 3,039,946           | -                           | -                           | 3,039,946           |

- (i) The goodwill arose from purchasing the minority shareholder equity from Tianjin CSG Architectural Glass Co., Ltd. in 2007.

The goodwill allocated to the asset groups and groups of asset groups was summarised by operating segments as Floating Glass and Architectural Glass segment.

The Company's management considered that the goodwill was not impaired at 31 December 2015.

The recoverable amount of asset groups and groups of asset groups is calculated using the estimated cash flows determined according to the five-year budget approved by management. Management determines budgeted gross margin and growth rate based on past experience and forecast on future market development. The discount rates used by management are the pre-tax interest rates that are able to reflect the risks specific to the related asset groups.

## (14) Deferred tax assets and liabilities

## (a) Deferred income tax assets before offsetting

|  | 31 December 2015                       |                     | 31 December 2014                       |                     |
|--|--|---------------------|--|---------------------|
|  | Deductible<br>temporary<br>differences | Deferred tax assets | Deductible<br>temporary<br>differences | Deferred tax assets |
| Provision for asset impairment                   | 334,825,820                            | 52,780,849          | 331,582,423                            | 50,084,878          |
| Tax losses                                       | 322,298,445                            | 62,556,980          | 228,839,385                            | 39,358,381          |
| Government grants                                | 146,503,008                            | 25,717,201          | 118,438,100                            | 17,765,715          |
| Accrued expenses                                 | 38,018,222                             | 5,740,840           | 11,695,801                             | 1,856,243           |
| Depreciation of fixed assets                     | 30,352,519                             | 6,285,954           | 62,001,185                             | 11,479,038          |
| Impairment not yet approved by the tax authority | -                                      | -                   | 1,686,604                              | 421,651             |
|  | <u>871,998,014</u>                     | <u>153,081,824</u>  | <u>754,243,498</u>                     | <u>120,965,906</u>  |

Including:

|   |                    |                    |
|---|--------------------|--------------------|
| Expected to reverse within one year (inclusive) | 27,300,904         | 33,245,693         |
| Expected to be recovered after one year         | <u>125,780,920</u> | <u>87,720,213</u>  |
|   | <u>153,081,824</u> | <u>120,965,906</u> |

## (b) Deferred income tax liabilities before offsetting

|                              | 31 December 2015                 |                             | 31 December 2014                 |                             |
|------------------------------|----------------------------------|-----------------------------|----------------------------------|-----------------------------|
|                              | Taxable temporary<br>differences | Deferred tax<br>liabilities | Taxable temporary<br>differences | Deferred tax<br>liabilities |
| Depreciation of fixed assets | 248,051,984                      | 52,277,180                  | 148,485,447                      | 23,330,396                  |

|  |                    |                   |                    |                   |
|--|--------------------|-------------------|--------------------|-------------------|
| Changes in fair value of available-for-sale financial assets | -                  | -                 | 127,174,500        | 31,044,915        |
| Withholding income tax (i)                                   | -                  | -                 | 96,760,660         | 4,838,033         |
|  | <u>248,051,984</u> | <u>52,277,180</u> | <u>372,420,607</u> | <u>59,213,344</u> |

Including:

|   |  |                   |  |                   |
|---|--|-------------------|--|-------------------|
| Expected to be recovered after one year |  | 3,896,344         |  | 38,566,869        |
| Expected to be recovered after one year |  | 48,380,836        |  | 20,646,475        |
|   |  | <u>52,277,180</u> |  | <u>59,213,344</u> |

(i) If the subsidiaries in Mainland China remit dividends, which are realised after 1 January 2008, to those overseas subsidiaries within the Group, the overseas subsidiaries should pay the certain withholding income tax for dividends received. In 2015, the Group's subsidiaries outside China were recognised as Chinese resident enterprises; therefore, no withholding income tax was required to be paid.

(c) Deductible losses that are not recognised as deferred tax assets of the Group are analysed as follows:

|                   | 31 December 2015 | 31 December 2014  |
|-------------------|------------------|-------------------|
| Deductible losses | <u>7,554,574</u> | <u>17,574,997</u> |

The deductible tax losses not recognised as deferred tax assets mainly represented the tax losses of the Company and some closed subsidiaries. The management was unable to expect that whether there were taxable profit would be available in the future against which these deductible tax losses can be utilised, and accordingly, did not recognise the deferred tax assets.

(d) The tax losses for which no deferred tax assets were recognised will expire in the following years:

|      | 31 December 2015 | 31 December 2014  |
|------|------------------|-------------------|
| 2015 | -                | 5,878,284         |
| 2016 | 5,224,377        | 5,224,377         |
| 2019 | -                | 6,472,336         |
| 2020 | 2,330,197        | -                 |
|      | <u>7,554,574</u> | <u>17,574,997</u> |

(e) The net balances of deferred tax assets and liabilities after offsetting are as follows:

|                          | 31 December 2015                              |   | 31 December 2014                              |   |
|--------------------------|---|---|---|---|
|                          | Net deferred income tax assets or liabilities | Deductible/taxable temporary differences after offsetting | Net deferred income tax assets or liabilities | Deductible/taxable temporary differences after offsetting |
| Deferred tax assets      | 110,336,216                                   | 683,386,112   | 103,781,894                                   | 643,634,824   |
| Deferred tax liabilities | <u>9,531,572</u>                              | <u>59,440,080</u>   | <u>42,029,332</u>                             | <u>261,811,933</u>  |

(15) Other non-current assets

|  | 31 December 2015 | 31 December 2014 |
|--|------------------|------------------|
|--|------------------|------------------|

|  |                   |                  |
|--|-------------------|------------------|
| Prepayment for equipment and software upgrading expenses | 58,073,451        | 1,149,084        |
| Prepayment of land premium                               | 6,510,000         | 6,510,000        |
|  | <u>64,583,451</u> | <u>7,659,084</u> |

## (16) Provision for asset impairment

|   | 31 December<br>2014 | Increase in<br>current year | Reversal in<br>current year | Written off in<br>current year | 31 December<br>2015 |
|---|---------------------|-----------------------------|-----------------------------|--------------------------------|---------------------|
| Provision for bad debts                                   | 8,105,425           | 5,003,459                   | (1,109,745)                 | (145,760)                      | 11,853,379          |
| Including: Provision for bad debts of accounts receivable | 7,575,307           | 3,108,243                   | (1,059,884)                 | (144,069)                      | 9,479,597           |
| Provision for bad debts of other receivables              | 530,118             | 1,895,216                   | (49,861)                    | (1,691)                        | 2,373,782           |
| Provision for decline in the value of inventories         | 2,822,837           | -                           | -                           | (812,746)                      | 2,010,091           |
| Provision for impairment of fixed assets                  | 192,293,767         | -                           | -                           | -                              | 192,293,767         |
| Provision for impairment of construction in progress      | 52,951,576          | -                           | -                           | -                              | 52,951,576          |
| Provision for impairment of intangible assets             | 13,210,480          | -                           | -                           | -                              | 13,210,480          |
|   | <u>269,384,085</u>  | <u>5,003,459</u>            | <u>(1,109,745)</u>          | <u>(958,506)</u>               | <u>272,319,293</u>  |

## (17) Short-term borrowings

|                                  | 31 December 2015     | 31 December 2014     |
|----------------------------------|----------------------|----------------------|
| Unsecured                        | 193,327,754          | 81,000,000           |
| Guaranteed (i)                   | 122,998,916          | 276,123,175          |
| Short-term financial bonds (ii)  | 1,000,000,000        | 1,600,000,000        |
| Short-term financial bonds (iii) | 1,900,000,000        | -                    |
|                                  | <u>3,216,326,670</u> | <u>1,957,123,175</u> |

(i) As at 31 December 2015, short-term loans of certain subsidiaries of the Company amounting to RMB122,998,916 (31 December 2014: RMB276,123,175) were guaranteed by the Company, and no counter guarantee was provided by the minority interest of subsidiaries to the Company (31 December 2014: RMB5,346,960).

(ii) Approved by file No. [2014] CP11 of Inter Bank Market Trading Association, the Company is entitled to issue short-term financial bonds with the limit of RMB1,100,000,000, which expires on 14 January 2016.

On 24 April 2015, the Company issued the Phase I short-term financial bonds of RMB600,000,000, with the maturity data of 23 April 2016 and annual rate of 4.28%.

On 18 September 2015, the Company issued the Phase II short-term financial bonds of RMB400,000,000, with the maturity data of 17 September 2016 and annual rate of 3.5%.

(iii) Approved by file No. [2015] SCP163 of Inter Bank Market Trading Association, the Company is entitled to issue ultra-short-term financial bonds with the limit of RMB4,000,000,000, which expires on 28 May 2017.

On 15 June 2015, the Company issued the Phase I ultra-short-term financial bonds of RMB800,000,000, with the maturity data of 11 March 2016 and annual rate of 4.25%. As at the reporting date, such short-term bonds has been repaid.

On 15 October 2015, the Company issued the Phase III ultra-short-term financial bonds of RMB1,100,000,000, with the maturity data of 11 July 2016 and annual rate of 3.81%.

(iv) As at 31 December 2015, the interest of short-term borrowings varied from 2.99% to 5.35% (31 December 2014: 2.10% to 6.00%).

## (18)Notes payable

|                       | 31 December 2015 | 31 December 2014 |
|-----------------------|------------------|------------------|
| Bank acceptance notes | <u>8,000,000</u> | <u>3,500,000</u> |

All notes payable are due within one year.

## (19)Accounts payable

|                               | 31 December 2015   | 31 December 2014   |
|-------------------------------|--------------------|--------------------|
| Materials payable             | 463,007,059        | 439,372,650        |
| Equipment payable             | 254,823,632        | 297,341,486        |
| Construction expenses payable | 128,382,224        | 161,767,036        |
| Freight payable               | 35,445,881         | 39,476,466         |
| Utilities payable             | 26,077,686         | 17,886,165         |
| Others                        | <u>7,529,569</u>   | <u>4,694,073</u>   |
|                               | <u>915,266,051</u> | <u>960,537,876</u> |

As at 31 December 2015, the amount of accounts payable over 1 year was approximately RMB167,398,806 (31 December 2014: RMB135,951,066), which mainly comprised of payables for construction and equipment. As the construction work had not passed the final acceptance test yet, the balance was not yet settled.

## (20)Advances from customers

|                         | 31 December 2015   | 31 December 2014   |
|-------------------------|--------------------|--------------------|
| Advances from customers | <u>117,434,636</u> | <u>113,994,747</u> |

The aging of balances was substantively within 1 year.

## (21)Employee benefits payable

|  | 31 December 2015   | 31 December 2014   |
|--|--------------------|--------------------|
| Short-term employee benefits payable (a) | 170,538,391        | 159,038,971        |
| Defined contribution plans payable (b)   | <u>1,222</u>       | <u>1,392</u>       |
|  | <u>170,539,613</u> | <u>159,040,363</u> |

## (a)Short-term employee benefits

|   | 31 December 2014 | Increase in current year | Decrease in current year | 31 December 2015 |
|---|------------------|--------------------------|--------------------------|------------------|
| Wages and salaries, bonuses, allowances and subsidies | 96,466,760       | 757,041,077              | (735,047,016)            | 118,460,821      |
| Social security contributions                         | 763              | 30,005,210               | (30,005,285)             | 688              |
| Including: Medical insurance                          | 605              | 24,428,080               | (24,428,138)             | 547              |
| Work injury insurance                                 | 121              | 3,973,113                | (3,973,124)              | 110              |
| Maternity insurance                                   | 37               | 1,604,017                | (1,604,023)              | 31               |
| Housing funds   | 1,811,213        | 35,200,500               | (34,857,953)             | 2,153,760        |



|   |                    |                    |                      |                    |
|---|--------------------|--------------------|----------------------|--------------------|
| Labour union funds and employee education funds | 13,560,235         | 10,791,537         | (9,868,650)          | 14,483,122         |
| Management bonus (i)                            | 47,200,000         | 35,440,000         | (47,200,000)         | 35,440,000         |
|   | <u>159,038,971</u> | <u>868,478,324</u> | <u>(856,978,904)</u> | <u>170,538,391</u> |

- (a) Pursuant to the resolution at the 5th session in the 7th meeting of the board of directors of the Company on 31 March 2015, the board of directors adopted a management bonus scheme which was based on the quarterly return on net assets and the net profit for the quarter. During the year, management bonuses amounting to RMB35,440,000 (2014: RMB56,200,000) were accrued and charged to profit and loss.

(b) Defined contribution plans payable

|                        | 31 December 2014 | Increase in current year | Decrease in current year | 31 December 2015 |
|------------------------|------------------|--------------------------|--------------------------|------------------|
| Basic pensions         | 1,210            | 79,705,768               | (79,705,927)             | 1,051            |
| Unemployment insurance | 182              | 6,081,452                | (6,081,463)              | 171              |
|                        | <u>1,392</u>     | <u>85,787,220</u>        | <u>(85,787,390)</u>      | <u>1,222</u>     |

(22) Taxes payable

|   | 31 December 2015   | 31 December 2014  |
|---|--------------------|-------------------|
| VAT payable                                   | 31,442,580         | 13,020,627        |
| Enterprise income tax payable                 | 71,805,502         | 31,803,614        |
| Housing property tax payable                  | 7,134,641          | 3,062,512         |
| Individual income tax payable                 | 2,252,413          | 2,417,752         |
| Educational surcharge payable                 | 1,976,366          | 1,451,458         |
| City maintenance and construction tax payable | 1,602,050          | 1,151,060         |
| Others  | 3,612,625          | 4,306,585         |
|   | <u>119,826,177</u> | <u>57,213,608</u> |

(23) Interest payable

|   | 31 December 2015  | 31 December 2014  |
|---|-------------------|-------------------|
| Interest payable for medium term notes  | 27,622,300        | -                 |
| Interest payable for short-term financial bonds   | 21,611,000        | 47,983,200        |
| Ultra-short-term financial bonds  | 27,424,900        | -                 |
| Interest for corporate bonds  | 10,660,000        | 21,205,379        |
| Interest payable for short-term borrowings  | 1,124,981         | 4,304,657         |
| Interest of long-term borrowings with periodic payments of interest and return of principal at maturity | 920,625           | 1,063,746         |
|   | <u>89,363,806</u> | <u>74,556,982</u> |

(24) Other payables

|   | 31 December 2015 | 31 December 2014 |
|---|------------------|------------------|
| Guarantee deposits received from construction contractors | 55,047,908       | 56,379,162       |
| Accrued cost of sales (i)                                 | 37,260,225       | 29,715,316       |
| Temporary receipts  | 24,660,996       | 5,017,670        |

|  |                    |                    |
|--|--------------------|--------------------|
| Payable for contracted labour costs                          | 13,675,896         | 12,588,566         |
| Deposit for disabled   | 4,509,243          | 2,280,516          |
| Payment made on behalf of Shenzhen CSG Float Glass Co., Ltd. | -                  | 25,471,189         |
| Dispatching capital for industrial production (ii)           | -                  | 10,000,000         |
| Withholding income tax                                       | -                  | 1,744,586          |
| Others   | 7,866,787          | 4,072,973          |
|  | <u>143,021,055</u> | <u>147,269,978</u> |

- (i) It represented the payment made to external third parties arising from undertaking the rights of debtor and creditor, comprising water and electricity, professional service fee and travelling expenses etc.
- (ii) It represented the loan from Yichang Municipal Finance Bureau borrowed by the subsidiary Yichang CSG Silicon Co., Ltd. ("Yichang CSG") as dispatching capital for industrial production in October of 2014, with an amount of RMB10,000,000. The loan is interest free, and has been repaid in 2015.

The ageing of other payables was substantively within 1 year.

(25)Current portion of non-current liabilities

|   | 31 December 2015   | 31 December 2014     |
|---|--------------------|----------------------|
| Current portion of long-term borrowings         |                    |                      |
| - Guaranteed                                    | -                  | 123,283,550          |
| - Unsecured                                     | 239,000,000        | -                    |
| Current portion of corporate bonds (Note 4(28)) | -                  | 1,995,783,205        |
|   | <u>239,000,000</u> | <u>2,119,066,755</u> |

(26)Other current liabilities

|            | 31 December 2014 | Increase in current year | Decrease in current year | 31 December 2015 |
|------------|------------------|--------------------------|--------------------------|------------------|
| Provisions |                  |                          |                          |                  |
| - Others   | <u>300,000</u>   | <u>-</u>                 | <u>-</u>                 | <u>300,000</u>   |

(27)Long-term borrowings

|                  | 31 December 2015     | 31 December 2014   |
|------------------|----------------------|--------------------|
| Medium notes (i) | 1,200,000,000        | -                  |
| Guaranteed       | -                    | 187,817,820        |
| Unsecured        | -                    | 196,000,000        |
|                  | <u>1,200,000,000</u> | <u>383,817,820</u> |

- (i) Approved by file [2015] MTN No.225 of Inter Bank Market Trading Association, the Company is entitled to issue medium notes with the limit of RMB1,200,000,000, which expires on 28 May 2017.

On 14 July 2015, the Group issued the Phase I medium notes of RMB1,200,000,000, with the maturity data of 14 July 2020 and annual rate of 4.94%.

As at 31 December 2015, the interest rate of long-term borrowings is 4.94% (31 December 2014: 5.70% to 6.15%).

(28)Bonds payable (including the current portion)

|                 | 31 December<br>2014 | Interest accrued<br>at par value | Amortisation of<br>premium and<br>discount | Repayment i<br>current year | 31 December<br>2015 |
|-----------------|---------------------|----------------------------------|--|-----------------------------|---------------------|
| Corporate bonds | 1,995,783,205       | 106,600,000                      | 4,216,795                                  | (1,106,600,000)             | 1,000,000,000       |

Information on bonds is listed as follows:

|                 | Par value     | Date of issue   | Term of bonds | Amount of issue |
|-----------------|---------------|-----------------|---------------|-----------------|
| Corporate bonds | 1,000,000,000 | 20 October 2010 | 5 years       | 989,100,000     |
| Corporate bonds | 1,000,000,000 | 20 October 2010 | 7 years       | 989,100,000     |

According to the China Securities Regulatory Commission license [2010] No.1369 published by the China Securities Regulatory Commission, the Company issued the corporate bonds on 20 October 2010, with a par value of RMB2 billion. The Corporate Bonds include RMB1 billion that will mature in 5 years ("5 year Bonds") and another RMB1 billion that will mature in 7 years ("7 year Bonds"). The 7 year Bonds holders have a put option over the Company to repurchase at the end of the fifth year. The Corporate Bonds carries at fixed interest rate of 5.33% per year, with interest paid annually. The bonds are recognised at the actual amount of discount bonds, with the actual annual rate of 5.59%. 5-year bonds have been repaid on 19 October 2015, no 7-year bonds shall be resold by investors, and are matured on 19 October 2017.

#### (29)Deferred income

|                   | 31 December 2015 | 31 December 2014 |
|-------------------|------------------|------------------|
| Government grants | 383,599,103      | 444,909,519      |

Government grants are analysed as follows:

|  | 31 December<br>2014 | Increase in<br>current year | Decrease in<br>current year | Non-operating<br>income in<br>current year | 31 December<br>2015 | Assets/Income<br>related      |
|--|---------------------|-----------------------------|-----------------------------|--|---------------------|-------------------------------|
| Government grants  |                     |                             |                             |  |                     |                               |
| Tianjin CSG Golden Sun Project (i)                               | 63,841,795          | -                           | -                           | (3,374,892)                                | 60,466,903          | Assets related                |
| Dongguan CSG Golden Sun Project (ii)                             | 51,600,000          | -                           | (20,000)                    | (2,749,750)                                | 48,830,250          | Assets related                |
| Hebei CSG Golden Sun Project (iii)                               | 45,894,500          | 6,690,000                   | -                           | (3,084,500)                                | 49,500,000          | Assets related                |
| Xianning CSG Golden Sun Project (iv)                             | 57,074,417          | -                           | -                           | (3,030,500)                                | 54,043,917          | Assets related                |
| Infrastructure compensation for Wujiang CSG Glass Co., Ltd (v)   | 51,753,511          | -                           | -                           | (4,041,538)                                | 47,711,973          | Assets related                |
| Qingyuan Energy-saving project (vi)                              | -                   | 24,700,000                  | -                           | -  | 24,700,000          | Assets related                |
| Yichang Silicon products project (vii)                           | 30,234,375          | -                           | -                           | (2,812,500)                                | 27,421,875          | Assets related                |
| Yichang CSG silicon slice auxiliary project (viii)               | 14,586,362          | 1,600,000                   | -                           | (1,068,019)                                | 15,118,343          | Assets related                |
| Sichuan energy-saving glass project (ix)                         | 15,437,520          | -                           | -                           | (1,654,020)                                | 13,783,500          | Assets related                |
| Group coating film experimental project (x)                      | 11,167,800          | -                           | -                           | (624,000)                                  | 10,543,800          | Assets related                |
| Enterprise supporting fund for Xianning CSG Glass Co., Ltd. (xi) | 28,632,400          | -                           | -                           | (28,632,400)                               | -                   | Income related                |
| Yichang Photoconductive glass project (xii)                      | 42,719,660          | -                           | (42,719,660)                | -  | -                   | Assets related                |
| Others   | 31,967,179          | 2,339,400                   | -                           | (2,828,037)                                | 31,478,542          | Assets related/Income related |
|  | 444,909,519         | 35,329,400                  | (42,739,660)                | (53,900,156)                               | 383,599,103         |                               |

- (i) The allowance was granted by Tianjin Municipal Government. The allowance was used for establishing PV power station by Tianjin CSG Architectural Glass Co., Ltd. ("Tianjin project"). The

facilities belonged to Tianjin CSG upon completion. The allowance will be credited to income statement in 20 years, the useful life of the PV power station.

- (ii) The allowance was granted by Dongguan Municipal Government. The allowance was used for establishing PV power station by Dongguan CSG Architectural Glass Co., Ltd. ("Dongguan project") The facilities belonged to Dongguan CSG upon completion. The allowance will be credited to income statement in 20 years, the useful life of the PV power station.
- (iii) The allowance was granted by Langfang Municipal Government. The allowance was used for establishing PV power station by Hebei CSG Glass Co., Ltd. ("Hebei project"). When the facilities were set up, they belonged to Hebei CSG. The allowance will be credited to income statement in 20 years, the useful life of the PV power station.
- (iv) The allowance was granted by Xianning Municipal Government. The allowance was used for establishing PV power station by Xianning CSG Glass Co Ltd. ("Xianning project"). The facilities belonged to Xianning CSG upon completion. The allowance will be credited to income statement in 20 years, the useful life of the PV power station.
- (v) The allowance was infrastructure compensation granted by Wujiang municipal government, and will be credited to income statement in 15 years, the shortest operating period as committed by the Group.
- (vi) The allowance was a pilot project for strategic emerging industry clusters development, which was used to establish high performance ultra-thin electronic glass production lines by Qingyuan CSG. The Project was under construction.
- (vii) The balance represented amounts granted to Yi Chang CSG Silicon Materials Co., Ltd. ("Yichang Silicon") by Yichang City Dongshan Development Corporation under the provisions of the investment contract signed between the Group and the Municipal Government of Yi Chang. The proceeds were designed for the construction of electricity transformer and the pipelines. Yichang Silicon is entitled to the ownership of the facilities, which will be amortised by 15 years according to the useful life of the converting station.
- (viii) It represented the government supporting fund obtained by Yichang Silicon from the acquiring of the assets and liabilities of Crucible project of Yichang Hejing Photoelectric Ceramic Co., Ltd. The proceeds would be amortised and credited to income statement by 15 years after related assets were put into use.
- (ix) It represented the funds granted by Chengdu local government for energy glass project. It will be amortised and credited to income statement in 15 years, in accordance with the minimum operating period committed by the Group.
- (x) The allowance was granted by Shenzhen City Development and Reform Commission for the development of Group Coating Film experimental project. The grant will be amortised and credited to income statement by 20 years in the estimated useful life of the relevant fixed assets.
- (xi) The allowance was granted by Hubei Xianning Economic Development Management Centre. According to the document Xian Kai Cai Fa [2012] No. 3 issued by the Centre, the allowance was used to support the development of Xianning CSG from 2012 to 2015.
- (xii) It presented changes in consolidation scope (Note 5), Yichang photoelectric was no longer included in the consolidation scope of the Company, thereby leading to a decrease in the deferred income of Yichang Photoconductive glass project.

(30) Share capital

|                                 | 31 December 2014 | Movement for the year ended 31 December 2015 |             |                |        |           | 31 December 2015 |
|---------------------------------|------------------|--|-------------|----------------|--------|-----------|------------------|
|                                 |                  | New issues during the year                   | Bonus issue | Capitalisation | Others | Sub-total |                  |
| RMB-denominated ordinary shares | 1,312,751,568    | -  | -           | -              | -      | -         | 1,312,751,568    |

|                                    |               |   |   |   |   |   |               |
|------------------------------------|---------------|---|---|---|---|---|---------------|
| Domestically listed foreign shares | 762,583,992   | - | - | - | - | - | 762,583,992   |
|                                    | 2,075,335,560 | - | - | - | - | - | 2,075,335,560 |

|                                    | Movements for the year ended 31 December 2015 |                            |             |                |        |           | 31 December 2014 |
|------------------------------------|---|----------------------------|-------------|----------------|--------|-----------|------------------|
|                                    | 31 December 2013                              | New issues during the year | Bonus issue | Capitalisation | Others | Sub-total |                  |
| RMB-denominated ordinary shares    | 1,312,751,568                                 | -                          | -           | -              | -      | -         | 1,312,751,568    |
| Domestically listed foreign shares | 762,583,992                                   | -                          | -           | -              | -      | -         | 762,583,992      |
|                                    | 2,075,335,560                                 | -                          | -           | -              | -      | -         | 2,075,335,560    |

The par value of the RMB-denominated ordinary shares is RMB1, and that of domestically listed foreign shares is HKD1.

### (31)Capital surplus

|   | 31 December 2014 | Increase in currer year | Decrease in currer year | 31 December 2015 |
|---|------------------|-------------------------|-------------------------|------------------|
| Share premium   | 1,345,264,670    | -                       | -                       | 1,345,264,670    |
| Other capital surplus   | (5,173,763)      | 595,420                 | (79,295,055)            | (83,873,398)     |
| Effects of the change in investees' other equity applying the equity method       | 351,615          | 324,662                 | -                       | 676,277          |
| Share-based payment   | 2,409,421        | -                       | -                       | 2,409,421        |
| Transfer of other capital surplus recognised under the previous accounting system | (2,250,222)      | -                       | -                       | (2,250,222)      |
| Disposal of fractional shares   | 1,045,450        | 270,758                 | -                       | 1,316,208        |
| Purchase of minority interest (a)   | (6,730,027)      | -                       | (79,295,055)            | (86,025,082)     |
|   | 1,340,090,907    | 595,420                 | (79,295,055)            | 1,261,391,272    |

|   | 31 December 2013 | Increase in currer year | Decrease in currer year | 31 December 2014 |
|---|------------------|-------------------------|-------------------------|------------------|
| Share premium   | 1,345,264,670    | -                       | -                       | 1,345,264,670    |
| Other capital surplus   | 186,246          | 1,370,018               | (6,730,027)             | (5,173,763)      |
| Effects of the change in investees' other equity applying the equity method       | 27,047           | 324,568                 | -                       | 351,615          |
| Share-based payment   | 2,409,421        | -                       | -                       | 2,409,421        |
| Transfer of other capital surplus recognised under the previous accounting system | (2,250,222)      | -                       | -                       | (2,250,222)      |
| Disposal of fractional shares   | -                | 1,045,450               | -                       | 1,045,450        |
| Purchase of minority interest   | -                | -                       | (6,730,027)             | (6,730,027)      |
|   | 1,345,450,916    | 1,370,018               | (6,730,027)             | 1,340,090,907    |

(a)The reason for the decrease of Capital reserve - other in current year is the acquisition of minority interest, with the detail as follows:

- (i) On 1 March 2015, the Company purchased 25% of equities of the Company's subsidiary, Chengdu Float, from Grand Point Investments Limited. The share transfer procedures were completed on 21 April 2015, and the Company thus held 100% equities of Chengdu Float. The adjustment to capital surplus due to such transaction is set out as below:

|  |                   |
|--|-------------------|
| Acquisition cost -   |                   |
| Cash paid for acquisition of minority interests  | 109,274,438       |
| Less: Share of identifiable net assets in the subsidiary continually calculated at the proportion of increased part of shares which the Company is entitled to as of the date of consolidation   | (98,998,340)      |
| Reduce capital surplus of the Group's consolidated statements  | <u>10,276,098</u> |
| (ii) On 20 April 2015, the Company purchased 25% of equities of the Company's subsidiary, Xianning CSG Energy Conservation Glass Co., Ltd., from Jinfeng Co., Ltd. The share transfer procedures were completed on 25 May 2015, and the Company thus held 100% equities of Xianning CSG Energy Conservation Glass Co., Ltd. The adjustment to capital surplus due to such transaction is set out as below:             |                   |
| Acquisition cost -   |                   |
| Cash paid for acquisition of minority interests  | 93,994,143        |
| Less: Share of identifiable net assets in the subsidiary continually calculated at the proportion of increased part of shares which the Company is entitled to as of the date of consolidation   | (58,746,339)      |
| Reduce capital surplus of the Group's consolidated statements  | <u>35,247,804</u> |
| (iii) On 04 May 2015, the Company purchased 25% of equities of the Company's subsidiary, Sichuan CSG Energy Conservation Glass Co., Ltd., from Grand Point Investments Limited. The share transfer procedures were completed on 9 June 2015, and the Company thus held 100% equities of Sichuan CSG Energy Conservation Glass Co., Ltd. The adjustment to capital surplus due to such transaction is set out as below: |                   |
| Acquisition cost -   |                   |
| Cash paid for acquisition of minority interests  | 93,585,939        |
| Less: Share of identifiable net assets in the subsidiary continually calculated at the proportion of increased part of shares which the Company is entitled to as of the date of consolidation   | (59,814,786)      |
| Reduce capital surplus of the Group's consolidated statements  | <u>33,771,153</u> |

## (32) Other comprehensive income

|  | Other comprehensive income in Balance Sheet |  |                     | Other comprehensive income in Income Statement for the year ended 31 December 2015 |   |                           |                                       |   |
|--|---|--|---------------------|--|---|---------------------------|---------------------------------------|---|
|  | 31 December 2014                            | After-tax attributable to parent company     | 31 December 2015    | Actual amount before tax for current year  | Less: Reclassification of previous other comprehensive income to profit or loss in current year | Less: Income tax expenses | Attributable to the Company after tax | Attributable to minority shareholders after tax |
| Other comprehensive income items which will be reclassified subsequently to profit or loss |   |  |                     |  |   |                           |                                       |   |
| Gains or losses arising from changes in fair value of available-for-sale financial assets  | (15,970,110)                                | 15,970,110                                   | -                   | 216,926,726  | (146,849,267)   | (54,107,349)              | 15,970,110                            | -   |
| Financial rewards for energy-saving technical retrofits                                    | 2,550,000                                   | -  | 2,550,000           | -  | -   | -                         | -                                     | -   |
| Difference on translation of foreign currency financial statements                         | (100,983)                                   | 518,755                                      | 417,772             | 348,208  | -   | -                         | 518,755                               | (170,547)                                       |
|  | <u>(13,521,093)</u>                         | <u>16,488,865</u>                            | <u>2,967,772</u>    | <u>217,274,934</u>   | <u>(146,849,267)</u>  | <u>(54,107,349)</u>       | <u>16,488,865</u>                     | <u>(170,547)</u>                                |
|  | Other comprehensive income in Balance Sheet |  |                     | Other comprehensive income in Income Statement for the year ended 31 December 2014 |   |                           |                                       |   |
|  | 31 December 2013                            | Attributable to the parent Company after tax | 31 December 2014    | Actual amount before tax for current year  | Less: Reclassification of previous other comprehensive income to profit or loss                 | Less: Income tax expenses | Attributable to the Company after tax | Attributable to minority shareholders after tax |
| Other comprehensive income items which will be reclassified subsequently to profit or loss |   |  |                     |  |   |                           |                                       |   |
| Gains or losses arising from changes in fair value of available-for-sale financial assets  | (69,051,669)                                | 53,081,559                                   | (15,970,110)        | 59,886,100   | 6,237,748   | (13,042,289)              | 53,081,559                            | -   |
| Financial rewards for energy-saving technical retrofits                                    | 2,550,000                                   | -  | 2,550,000           | -  | -   | -                         | -                                     | -   |
| Difference on translation of foreign currency financial statements                         | (1,935,731)                                 | 1,834,748                                    | (100,983)           | 1,284,714  | -   | -                         | 1,834,748                             | (550,034)                                       |
|  | <u>(68,437,400)</u>                         | <u>54,916,307</u>                            | <u>(13,521,093)</u> | <u>61,170,814</u>  | <u>6,237,748</u>  | <u>(13,042,289)</u>       | <u>54,916,307</u>                     | <u>(550,034)</u>                                |

## (33)Special reserve

|                           | 31 December<br>2014 | Increase in<br>current year | Decrease<br>current year | 31 December<br>2015 |
|---------------------------|---------------------|-----------------------------|--------------------------|---------------------|
| Safety production reserve | 14,562,826          | 5,382,232                   | (4,507,560)              | 15,437,498          |

The subsidiary of Yichang CSG Silicon Co., Ltd. is a high risk chemical production enterprise. Therefore, the Company appropriated such reserve in accordance with relevant regulations.

## (34)Surplus reserve

|                               | 31 December<br>2014 | Increase in<br>current year | Decrease in<br>current year | 31 December<br>2015 |
|-------------------------------|---------------------|-----------------------------|-----------------------------|---------------------|
| Statutory surplus reserve     | 702,920,163         | 51,199,599                  | -                           | 754,119,762         |
| Discretionary surplus reserve | 127,852,568         | -                           | -                           | 127,852,568         |
|                               | <u>830,772,731</u>  | <u>51,199,599</u>           | <u>-</u>                    | <u>881,972,330</u>  |

|                               | 31 December<br>2013 | Increase in<br>current year | Decrease in<br>current year | 31 December<br>2014 |
|-------------------------------|---------------------|-----------------------------|-----------------------------|---------------------|
| Statutory surplus reserve     | 645,386,491         | 57,533,672                  | -                           | 702,920,163         |
| Discretionary surplus reserve | 127,852,568         | -                           | -                           | 127,852,568         |
|                               | <u>773,239,059</u>  | <u>57,533,672</u>           | <u>-</u>                    | <u>830,772,731</u>  |

In accordance with the *Company Law and the Company's Articles of Association*, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the paid in capital after approval from the appropriate authorities. The Company accrued statutory surplus reserve at the amount of RMB51,199,599, 10% of the net profit, in 2015. (2014: RMB57,533,672, accrued at 10% of the net profit).

The Company appropriates for the discretionary surplus reserve after the shareholders' meeting approves the proposal from the Board of Directors. The discretionary surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities. The Company did not appropriate to discretionary surplus reserve during the year.

## (35)Undistributed profits

|  | 2015                 | 2014                 |
|--|----------------------|----------------------|
| Undistributed profits at the beginning of year               | 4,101,320,834        | 3,907,802,144        |
| Add: Net profits attributable to shareholders of the Company | 624,753,110          | 873,653,030          |
| Less: Appropriation to statutory surplus reserve             | (51,199,599)         | (57,533,672)         |
| Ordinary share dividends payable                             | (1,037,667,780)      | (622,600,668)        |
| Undistributed profits at end of year                         | <u>3,637,206,565</u> | <u>4,101,320,834</u> |

Pursuant to the resolution of board of directors of the Company on 27 March 2015, the Company paid cash dividend of RMB5 (tax inclusive) for each 10 shares based on total shares of 2,075,335,560, with the total cash dividend distributed of RMB1,037,667,780.

## (36)Revenue and cost of sales

2015 2014



|                               |                      |                      |
|-------------------------------|----------------------|----------------------|
| Revenue from main operations  | 7,347,495,743        | 6,975,782,507        |
| Revenue from other operations | 83,393,368           | 68,720,138           |
|                               | <u>7,430,889,111</u> | <u>7,044,502,645</u> |

2015 2014

|                                     |                      |                      |
|-------------------------------------|----------------------|----------------------|
| Cost of sales from main operations  | 5,776,740,804        | 5,282,531,266        |
| Cost of sales from other operations | 48,051,826           | 40,688,124           |
|                                     | <u>5,824,792,630</u> | <u>5,323,219,390</u> |

(a) Revenue and cost of main operations

Revenue and cost of main operations analysed by industry and product are set out below:

|                       | 2015                 |                      | 2014                 |                      |
|-----------------------|----------------------|----------------------|----------------------|----------------------|
|                       | Revenue              | Cost                 | Revenue              | Cost                 |
| Floating glass        | 3,585,022,000        | 3,124,778,714        | 3,618,711,310        | 3,092,620,314        |
| Engineer glass        | 2,923,961,268        | 2,055,485,592        | 3,028,041,544        | 2,059,740,779        |
| Solar panel and parts | 1,539,398,724        | 1,297,269,369        | 1,087,053,989        | 890,895,075          |
| Elimination           | (700,886,249)        | (700,792,871)        | (758,024,336)        | (760,724,902)        |
|                       | <u>7,347,495,743</u> | <u>5,776,740,804</u> | <u>6,975,782,507</u> | <u>5,282,531,266</u> |

(b) Other revenue and cost

|                        | 2015              |                   | 2014              |                   |
|------------------------|-------------------|-------------------|-------------------|-------------------|
|                        | Revenue           | Cost              | Revenue           | Cost              |
| Sales of raw materials | 55,768,610        | 33,255,797        | 55,052,841        | 36,354,040        |
| Others                 | 27,624,758        | 14,796,029        | 13,667,297        | 4,334,084         |
|                        | <u>83,393,368</u> | <u>48,051,826</u> | <u>68,720,138</u> | <u>40,688,124</u> |

(37) Taxes and surcharges

|                                       | 2015              | 2014              |
|---------------------------------------|-------------------|-------------------|
| Business tax                          | 3,350,134         | 160,870           |
| City maintenance and construction tax | 17,978,934        | 16,573,798        |
| Educational surcharge                 | 16,183,745        | 15,656,695        |
| Others                                | 1,049,912         | 772,441           |
|                                       | <u>38,562,725</u> | <u>33,163,804</u> |

(38) Selling and distribution expenses

|                          | 2015        | 2014        |
|--------------------------|-------------|-------------|
| freight expenses         | 127,744,579 | 117,746,160 |
| Employee benefits        | 97,808,002  | 88,007,236  |
| Entertainment fees       | 12,297,397  | 9,295,926   |
| Business travel expenses | 10,561,435  | 9,878,808   |

|                         |                    |                    |
|-------------------------|--------------------|--------------------|
| Vehicle use fee         | 7,391,156          | 6,944,405          |
| Rental expenses         | 6,078,622          | 5,064,210          |
| General office expenses | 5,005,457          | 5,842,255          |
| Compensation            | 1,601,194          | 6,297,720          |
| Depreciation expenses   | 1,143,119          | 1,294,660          |
| Others                  | 13,738,362         | 15,348,975         |
|                         | <u>283,369,323</u> | <u>265,720,355</u> |

## (39)General and administrative expenses

|                                   | 2015               | 2014               |
|-----------------------------------|--------------------|--------------------|
| Employee benefits                 | 174,220,248        | 177,723,427        |
| Research and development expenses | 231,328,258        | 182,975,076        |
| Taxes                             | 57,196,953         | 51,565,821         |
| Depreciation                      | 69,203,264         | 77,380,138         |
| General office expenses           | 22,210,778         | 19,729,998         |
| Amortisation of intangible assets | 31,956,839         | 31,158,918         |
| Water and electricity             | 7,765,954          | 5,617,643          |
| Canteen costs                     | 7,216,260          | 6,132,201          |
| Travelling expenses               | 7,465,872          | 7,455,219          |
| Rental expenses                   | 4,712,183          | 5,185,678          |
| Motor vehicle fees                | 4,891,543          | 5,208,239          |
| Entertainment expenses            | 7,971,374          | 6,444,187          |
| Labour union funds                | 10,418,627         | 9,122,427          |
| Others                            | 36,139,786         | 12,073,117         |
|                                   | <u>672,697,939</u> | <u>597,772,089</u> |

## (40)Financial expenses

|  | 2015               | 2014               |
|--|--------------------|--------------------|
| Interest on borrowings                               | 287,525,089        | 252,183,762        |
| Less: Interest charged into construction in progress | (26,661,077)       | (34,498,449)       |
| Interest expenses                                    | 260,864,012        | 217,685,313        |
| Amortisation of corporate bonds issue costs          | 4,216,795          | 4,742,030          |
| Less: Interest income                                | (2,644,770)        | (3,200,872)        |
| Exchange losses                                      | 2,510,673          | 4,915,912          |
| Others   | 13,740,466         | 7,389,051          |
|  | <u>278,687,176</u> | <u>231,531,434</u> |

## (41)Expenses by nature

The cost of sales, selling expenses and general and administrative expenses in the income statements are listed as follows by nature:

|   | 2015        | 2014        |
|---|-------------|-------------|
| Changes in inventories of finished goods and work in progress | (2,146,164) | (9,086,546) |

|  |                      |                      |
|--|----------------------|----------------------|
| Consumed raw materials and low value consumables, etc. | 2,705,362,480        | 2,411,697,076        |
| Fuel fee   | 1,169,249,454        | 1,192,958,476        |
| Employee benefits                                      | 899,565,544          | 739,135,743          |
| Depreciation and amortisation expenses                 | 818,246,498          | 730,408,502          |
| Water and electricity                                  | 698,582,930          | 608,529,625          |
| Transportation fee                                     | 128,252,319          | 117,746,160          |
| Taxes  | 57,196,953           | 51,565,821           |
| General office expenses                                | 38,178,643           | 36,833,364           |
| Canteen costs  | 33,405,309           | 38,005,190           |
| Travelling expenses                                    | 21,506,551           | 21,560,882           |
| Entertainment expenses                                 | 21,258,675           | 16,377,321           |
| Motor vehicle fees                                     | 14,088,874           | 14,310,899           |
| Rental expense   | 10,790,805           | 10,249,888           |
| Compensations  | 1,601,194            | 6,297,720            |
| Others   | 165,719,827          | 200,121,713          |
|  | <u>6,780,859,892</u> | <u>6,186,711,834</u> |

## (42)Investment income

|   | 2015               | 2014               |
|---|--------------------|--------------------|
| Cash dividend earned during the holding period of available-for-sale financial assets | 60,372             | 98,640             |
| Gains from disposal of long-term equity investment (Note 5(1))                        | 100,146,152        | 311,247,064        |
| Gains from disposal of available-for-sale financial assets                            | 195,799,023        | 6,912,150          |
| Gain from long-term equity investment under equity method (Note 4(9)(a))              | (7,960,731)        | 10,181,795         |
|   | <u>288,044,816</u> | <u>328,439,649</u> |

There is no significant restriction on the remittance of investment income to the Group.

## (43)Asset impairment losses

|  | 2015             | 2014              |
|--|------------------|-------------------|
| Provision for bad debts                            | 3,893,714        | 3,914,279         |
| Provision for declines in the value of inventories | -                | 992,794           |
| Impairment of fixed assets                         | -                | 487,048           |
| Impairment of construction in progress             | -                | 19,876,460        |
|  | <u>3,893,714</u> | <u>25,270,581</u> |

## (44)Non-operating income

|  | 2015       | 2014       | Amount of non-recurring gain and loss included in 2015 |
|--|------------|------------|--|
| Gain on disposal of non-current assets       | 2,875,252  | 4,194,755  | 2,875,252  |
| Including: Gains on disposal of fixed assets | 2,875,252  | 4,194,755  | 2,875,252  |
| Government grants (a)                        | 81,013,548 | 90,223,936 | 81,013,548   |

|                       |                    |                    |                    |
|-----------------------|--------------------|--------------------|--------------------|
| Default income        | 15,000             | 34,099             | 15,000             |
| Compensation income   | 2,659,198          | 1,247,768          | 2,659,198          |
| Amounts unable to pay | 24,580,503         | 13,937,174         | 24,580,503         |
| Others                | 6,443,880          | 4,190,279          | 6,443,880          |
|                       | <u>117,587,381</u> | <u>113,828,011</u> | <u>117,587,381</u> |

(a) Government grants are analysed below:

|   | 2015              | 2014              | Category             |
|---|-------------------|-------------------|----------------------|
| Government grants amortisation(Note 4(29))    | 53,900,156        | 57,437,265        | Asset-income related |
| Industry support fund                         | 10,027,300        | 14,040,801        | Income related       |
| Energy-saving award                           | 1,457,600         | 6,985,967         | Income related       |
| Government awards fund                        | 5,923,198         | 6,782,155         | Income related       |
| Subsidies for research and development        | 2,398,999         | 2,321,440         | Income related       |
| Interest subsidy for technological renovation | 3,128,307         | 439,046           | Income related       |
| Energy-saving fund                            | 2,178,200         | 20,000            | Income related       |
| Others  | 1,999,788         | 2,197,262         | Income related       |
|   | <u>81,013,548</u> | <u>90,223,936</u> |                      |

(45) Non-operating expenses

|   | 2015           | 2014              | Amount of non-recurring gain and loss included in 2015 |
|---|----------------|-------------------|--|
| Losses on disposal of non-current assets      | 434,101        | 21,917,537        | 434,101  |
| Including: Losses on disposal of fixed assets | 434,101        | 21,917,537        | 434,101  |
| Compensation                                  | 202,981        | 282,005           | 202,981  |
| Donation                                      | 1,000          | 23,000            | 1,000  |
| Others  | 226,425        | 4,287,621         | 226,425  |
|   | <u>864,507</u> | <u>26,510,163</u> | <u>864,507</u>   |

(46) Income tax expenses

|                     | 2015              | 2014              |
|---------------------|-------------------|-------------------|
| Current income tax  | 132,872,709       | 30,269,559        |
| Deferred income tax | (39,052,082)      | 13,548,198        |
|                     | <u>93,820,627</u> | <u>43,817,757</u> |

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expenses is listed below:

|                     | 2015               | 2014               |
|---------------------|--------------------|--------------------|
| <b>Total profit</b> | <u>733,653,294</u> | <u>983,582,489</u> |

|  |                   |                   |
|--|-------------------|-------------------|
| Income tax expenses calculated at applicable tax rates   | 113,584,093       | 137,323,189       |
| Effect of changes in tax rates   | -                 | 3,285,273         |
| Costs, expenses and losses not deductible for tax purposes   | 2,182,855         | 6,693,566         |
| Income not subject to tax  | (15,093)          | (2,570,108)       |
| Recognition of previously unrecognised tax deductible losses   | (3,929,415)       | (7,093,777)       |
| Deductible losses for which no deferred tax asset was recognised for the period                        | 582,549           | -                 |
| Written-off of temporary deductible differences for which deferred tax asset was recognised previously | 1,469,571         | 2,775,665         |
| Effect of tax incentives   | (2,987,452)       | (77,854,087)      |
| Reconciliation of income taxes for prior years in annual filing  | (12,228,448)      | (23,579,997)      |
| (Reversal)/Provision of withholding tax on subsidiaries' profit to be distributed                      | (4,838,033)       | 4,838,033         |
| Income tax expenses  | <u>93,820,627</u> | <u>43,817,757</u> |

## (47) Earnings per share

## (a) Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year:

|  | 2015                 | 2014                 |
|--|----------------------|----------------------|
| Consolidated net profit attributable to ordinary shareholders of the Company | 624,753,110          | 873,653,030          |
| Weighted average number of outstanding ordinary shares                       | <u>2,075,335,560</u> | <u>2,075,335,560</u> |
| Basic earnings per share   | <u>0.30</u>          | <u>0.42</u>          |
| Including:   |                      |                      |
| - Basic earnings per share for continuing operations                         | 0.30                 | 0.42                 |
| - Basic earnings per share for discontinued operations (Note 11)             | <u>0.00</u>          | <u>0.00</u>          |

## (b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company, which is adjusted according to potential dilutive shares, by the adjusted weighted average number of ordinary shares in issue during the year. The Company had no potential dilutive outstanding equity instruments issued for the year ended 31 December 2015 (2014: Nil), accordingly the diluted earnings per share equalled basic earnings per share.

## (48) Notes to the consolidated cash flow statement

## (a) Cash received relating to other operating activities

|                               | 2015              | 2014              |
|-------------------------------|-------------------|-------------------|
| Interest income               | 2,644,770         | 3,200,872         |
| Government grants             | 27,113,392        | 32,786,671        |
| Return of the pledged deposit | -                 | 1,920,865         |
| Others                        | <u>4,826,446</u>  | <u>6,735,737</u>  |
|                               | <u>34,584,608</u> | <u>44,644,145</u> |

## (b) Cash paid relating to other operating activities

|                                   | 2015               | 2014               |
|-----------------------------------|--------------------|--------------------|
| Freight expenses                  | 151,604,404        | 141,435,653        |
| Canteen costs                     | 35,957,068         | 33,754,076         |
| General office expenses           | 28,254,672         | 32,538,996         |
| Research and development expenses | 30,357,245         | 21,809,474         |
| Travelling expenses               | 18,027,306         | 21,797,036         |
| Entertainment expenses            | 20,268,770         | 17,282,575         |
| Vehicle use fee                   | 12,282,701         | 14,600,357         |
| Maintenance fee                   | 7,918,530          | 11,282,311         |
| Rental expenses                   | 10,790,805         | 10,249,888         |
| Insurance                         | 10,192,386         | 10,099,993         |
| Bank fees                         | 13,740,466         | 7,810,394          |
| Others                            | 165,568,780        | 187,931,058        |
|                                   | <u>504,963,133</u> | <u>510,591,811</u> |

## (c)Cash received relating to other investing activities

|   | 2015               | 2014               |
|---|--------------------|--------------------|
| Trial production revenue from constructions in progress | 103,581,270        | 26,311,056         |
| Government grants received relating to assets           | 35,329,400         | 69,981,904         |
| Shenzhen Southern Float Glass Co., Ltd.                 | -                  | 330,000,000        |
| Receivables of insurance indemnities                    | -                  | 72,000,000         |
| Return of the pledged deposit                           | -                  | 9,431,381          |
|   | <u>138,910,670</u> | <u>507,724,341</u> |

## (d)Cash paid relating to other investing activities

|   | 2015               | 2014              |
|---|--------------------|-------------------|
| Trial production expenditure from constructions in progress   | 215,452,465        | 95,729,500        |
| Cash borrowed from Shenzhen CSG Display Technology Co., Ltd. by the Group under leaseback (Note 8(5)) | 50,104,299         | -                 |
|   | <u>265,556,764</u> | <u>95,729,500</u> |

## (49)Supplementary information on the cash flow statement

## (a)Reconciliation from net profit to cash flows from operating activities

|   | 2015        | 2014        |
|---|-------------|-------------|
| Net profit  | 639,832,667 | 939,764,732 |
| Add: Provision for asset impairment                                   | 3,893,714   | 25,270,581  |
| Depreciation of fixed assets  | 785,225,700 | 698,205,192 |
| Amortisation of intangible assets                                     | 31,956,839  | 31,158,918  |
| Safety production reserve   | 5,382,232   | 3,007,776   |
| Amortisation of long-term prepaid expenses                            | 1,063,959   | 1,044,392   |
| Net (income)/losses on disposal of fixed assets and intangible assets | (2,441,151) | 17,722,782  |
| Financial expenses  | 260,864,012 | 217,685,313 |

|  |                      |                      |
|--|----------------------|----------------------|
| Investment income                          | (288,044,816)        | (328,439,649)        |
| (Increase)/Decrease in deferred tax assets | (6,554,322)          | 14,279,079           |
| Decrease in deferred tax liabilities       | (32,497,760)         | (403,566)            |
| Decrease/(Increase) in inventories         | 41,039,632           | (10,655,715)         |
| Increase in operating receivables          | (470,348,827)        | (63,656,697)         |
| Increase/(Decrease) in operating payables  | 123,460,618          | (138,723,928)        |
| Net cash flows from operating activities   | <u>1,092,832,497</u> | <u>1,406,259,210</u> |

## (b) Net increase/(decrease) in cash and cash equivalents

|                                 | 2015                 | 2014                 |
|---------------------------------|----------------------|----------------------|
| Cash at end of year             | 574,744,877          | 156,838,260          |
| Less: Cash at beginning of year | <u>(156,838,260)</u> | <u>(276,450,868)</u> |
| Net (decrease)/increase in cash | <u>417,906,617</u>   | <u>(119,612,608)</u> |

## (c) Cash and cash equivalents

|   | 31 December 2015   | 31 December 2014   |
|---|--------------------|--------------------|
| Cash  |                    |                    |
| - Cash on hand                                      | 20,172             | 17,163             |
| - Bank deposits that can be readily drawn on demand | 574,654,753        | 156,633,575        |
| - Other cash that can be readily drawn on demand    | <u>69,952</u>      | <u>187,522</u>     |
| Cash balance at end of year                         | <u>574,744,877</u> | <u>156,838,260</u> |

## (d) Disposal of subsidiaries

|   | 2015               | 2014               |
|---|--------------------|--------------------|
| Cash received from disposal of subsidiaries in the current year |                    |                    |
| Including: Australia CSG  | 1,323,009          | -                  |
| Yichang Photoelectric   | 257,530,000        | -                  |
| Shenzhen CSG Float Glass Co., Ltd.                              | -                  | 468,000,000        |
| Less: Cash held by subsidiary on the date which control losses  |                    |                    |
| Including: Australia CSG  | (15,954,408)       | -                  |
| Yichang Photoelectric   | (2,366,752)        | -                  |
| Shenzhen CSG Float Glass Co., Ltd.                              | <u>-</u>           | <u>(4,839,877)</u> |
| Net proceeds from disposal of subsidiaries                      | <u>240,531,849</u> | <u>463,160,123</u> |

## Disposal of net assets of subsidiaries

|                         | 2015                | 2014                |
|-------------------------|---------------------|---------------------|
| Current assets          | 77,586,499          | 57,070,456          |
| Non-current assets      | 399,283,960         | 900,746,922         |
| Current liabilities     | (202,710,483)       | (333,839,442)       |
| Non-current liabilities | <u>(57,719,660)</u> | <u>(17,225,000)</u> |
|                         | <u>216,440,316</u>  | <u>606,752,936</u>  |

## (50) Monetary items denominated in foreign currencies

| 31 December 2015           |  |                   |                                |
|----------------------------|--|-------------------|--------------------------------|
|                            | Balances<br>denominated in<br>foreign currencies | Exchange<br>rates | Balances<br>denominated in RMB |
| Cash at bank and on hand - |  |                   |                                |
| USD                        | 9,078,870  | 6.4936            | 58,954,550                     |
| HKD                        | 2,229,074  | 0.8378            | 1,867,518                      |
| AUD                        | 17,432   | 4.7276            | 82,412                         |
| EUR                        | 704  | 7.0952            | 4,995                          |
| JPY                        | 37   | 0.0539            | 2                              |
|                            |  |                   | <u>60,909,477</u>              |
| Accounts receivable -      |  |                   |                                |
| USD                        | 11,640,800                                       | 6.4936            | 75,590,699                     |
| EUR                        | 1,217,685  | 7.0952            | 8,639,719                      |
|                            |  |                   | <u>84,230,418</u>              |
| Short-term borrowings -    |  |                   |                                |
| USD                        | 8,419,743  | 6.4936            | 54,674,443                     |
| HKD                        | 173,000,000                                      | 0.8378            | 144,939,400                    |
|                            |  |                   | <u>199,613,843</u>             |
| Accounts payable -         |  |                   |                                |
| USD                        | 3,859,349  | 6.4936            | 25,061,069                     |
| EUR                        | 1,647,419  | 7.0952            | 11,688,767                     |
|                            |  |                   | <u>36,749,836</u>              |



## 5. Changes in the scope of consolidation

### (1) Disposal of subsidiaries

(a) Related information of disposal of subsidiaries in the current year is summarised as below:

| Subsidiaries                 | Disposal consideration | Disposal proportion | Disposal method | Timing of loss of control | Basis for determination of timing of loss of control                                  | Difference between disposal consideration and corresponding share of net assets in such subsidiary of disposed investment at consolidation level | Transfer of other comprehensive income related to original equity investment of subsidiary into investment gains or losses |
|------------------------------|------------------------|---------------------|-----------------|---------------------------|---|--|--|
| Yichang Photoelectric (b)(i) | 257,530,000            | 73.58%              | Sale            | July 2015                 | An irrevocable equity transfer agreement is signed, with related procedures completed | 100,079,340  | -  |
| Australia CSG (b)(ii)        | 1,318,678              | 51%                 | Sale            | May 2015                  | An irrevocable equity transfer agreement is signed, with related procedures completed | 66,812   | -  |

According to equity repurchase clause in the equity transfer agreement entered into between the Group and Shenzhen CSG Display Technology Co., Ltd., the Group is entitled to purchase 73.58% share of Yichang Photoelectric from Shenzhen CSG Display Technology Co., Ltd. at the same price as it was disposed if Shenzhen CSG Display Technology Co., Ltd. does not list in National Equities Exchange and Quotations in substance by 31 December 2016. The Company assessed fair value of such repurchase right as insignificant.

(b) Gains or losses on disposal and related cash flows information are set out as below:

(i) Yichang Photoelectric

Gains or losses on disposal are calculated as below:

|   | Amount        |
|---|---------------|
| Disposal consideration  | 257,530,000   |
| Less: Share of net assets of Yichang Photoelectric at date of disposal at consolidation level | (157,450,660) |
|   | <hr/>         |
| Transfer of other comprehensive income into profit and loss for the period                    | -             |
| Investment income generated from disposal   | 100,079,340   |
|   | <hr/>         |

(ii) Australia CSG

Gains or losses on disposal are calculated as below:

|   | Amount      |
|---|-------------|
| Disposal consideration  | 1,318,678   |
| Less: Share of net assets of Australia CSG at date of disposal at consolidation level | (1,251,866) |
|   | <hr/>       |
| Transfer of other comprehensive income into profit and loss for the period            | -           |
| Investment income generated from disposal   | 66,812      |
|   | <hr/>       |

(2) Changes in the scope of consolidation due to other matters

On 21 June 2015, the Group set up a wholly-owned subsidiary, Shenzhen CSG Financial Leasing Co., Ltd., with RMB60,000,000 in cash.

On 15 December 2015, the Group set up a wholly-owned subsidiary, Shenzhen CSG PV Energy Co., Ltd., with RMB100,000,000 in cash.

## 6. Interest in other entities

(1) Interest in subsidiaries

As at 31 December 2015, information of the Company's major subsidiaries is set out below:

|   | Major business location | Place of registration | Scope of business  | Shareholding (%) |          |
|---|-------------------------|-----------------------|--|------------------|----------|
|   |                         |                       |  | Direct           | Indirect |
| Chengdu CSG Glass Co., Ltd.                     | Chengdu, PRC            | Chengdu, PRC          | Development, production and sale of special glass                      | 75%              | 25%      |
| Sichuan CSG Energy Conservation Glass Co., Ltd. | Chengdu, PRC            | Chengdu, PRC          | Development, production and sale of special glass and process of glass | 75%              | 25%      |
| Tianjin Energy Conservation Glass Co., Ltd.     | Tianjin, PRC            | Tianjin, PRC          | Development, production and sale of special glass                      | 75%              | 25%      |
| Dongguan CSG Architectural Glass Co., Ltd.      | Dongguan, PRC           | Dongguan, PRC         | Process of glass   | 75%              | 25%      |

|  |                                    |                |                |   |      |      |
|--|------------------------------------|----------------|----------------|---|------|------|
| Dongguan Glass Co., Ltd.                 | CSG Solar                          | Dongguan, PRC  | Dongguan, PRC  | Production and sale of solar glass                          | 75%  | 25%  |
| Dongguan Co., Ltd.                       | CSG PV-tech                        | Dongguan, PRC  | Dongguan, PRC  | Production and sale of hi-tech green battery and components | -    | 100% |
| Yichang Ltd.                             | CSG Silicon Co., Ltd.              | Yichang, PRC   | Yichang, PRC   | Production and sale of high-purity silicon materials        | 75%  | 25%  |
| Wujiang Glass Co., Ltd.                  | CSG Architectural Glass Co., Ltd.  | Wujiang, PRC   | Wujiang, PRC   | Process of glass  | 75%  | 25%  |
| Hebei CSG Glass Co., Ltd.                |                                    | Yongqing, PRC  | Yongqing, PRC  | Production and sale of special glass                        | 75%  | 25%  |
| Wujiang Glass Co., Ltd.                  | CSG Glass Co., Ltd.                | Wujiang, PRC   | Wujiang, PRC   | Production and sale of special glass                        | 100% | -    |
| China Southern Glass (Hong Kong) Limited |                                    | Hong Kong, PRC | Hong Kong, PRC | Investment holding  | 100% | -    |
| Hebei Shichuang Glass Co., Ltd.          |                                    | Yongqing, PRC  | Yongqing, PRC  | Production and sale of ultra-thin electronic glass          | 100% | -    |
| Xianning Glass Co Ltd.                   | CSG Glass Co Ltd.                  | Xianning, PRC  | Xianning, PRC  | Production and sale of special glass                        | 75%  | 25%  |
| Xianning Conservation Glass Co Ltd.      | CSG Energy Glass Co Ltd.           | Xianning, PRC  | Xianning, PRC  | Process of glass  | 75%  | 25%  |
| Qingyuan Saving New Materials Co., Ltd.  | CSG Energy New Materials Co., Ltd. | Qingyuan, PRC  | Qingyuan, PRC  | Production and sale of ultra-thin electronic glass          | 100% | -    |
| Shenzhen Leasing Co., Ltd.               | CSG Financial Leasing Co., Ltd.    | Shenzhen, PRC  | Shenzhen, PRC  | Finance leasing, etc.                                       | 75%  | 25%  |
| Jiangyou Development Co. Ltd.            | CSG Mining Development Co. Ltd.    | Jiangyou, PRC  | Jiangyou, PRC  | Production and sale of silica and its by-products           | 100% | -    |
| Shenzhen Energy Co., Ltd.                | CSG PV Energy Co., Ltd.            | Shenzhen, PRC  | Shenzhen, PRC  | Investment management of photovoltaic plant                 | 100% | -    |
| Qingyuan Energy Co., Ltd.                | CSG New Energy Co., Ltd.           | Qingyuan, PRC  | Qingyuan, PRC  | Clean energy development, photovoltaic power generation     | -    | 100% |
| Suzhou PV-tech Co., Ltd.                 | CSG PV-tech Co., Ltd.              | Wujiang, PRC   | Wujiang, PRC   | Clean energy development, photovoltaic power generation     | -    | 100% |
| Wujiang New Energy Co., Ltd.             | CSG New Energy Co., Ltd.           | Wujiang, PRC   | Wujiang, PRC   | Clean energy development, photovoltaic power generation     | -    | 100% |

## (2)Equity in associates

## (a)General information of significant associates

|                               |             | Major business location | Place of registration | Nature of business | Whether strategic to the Group's activities | Shareholding (%) |          |
|-------------------------------|-------------|-------------------------|-----------------------|--------------------|---|------------------|----------|
|                               |             |                         |                       |                    |   | Direct           | Indirect |
| Shenzhen Technology Co., Ltd. | CSG Display | Shenzhen, PRC           | Shenzhen, PRC         | Manufacturing      | Yes   | 44.70%           | -        |

## (b)Summarised financial information of significant associates

| 31 December 2015                          | 31 December 2014                          |
|---|---|
| Shenzhen CSG Display Technology Co., Ltd. | Shenzhen CSG Display Technology Co., Ltd. |

|  |               |               |
|--|---------------|---------------|
| Current assets   | 760,928,362   | 347,033,778   |
| Non-current assets   | 1,519,886,850 | 1,430,207,838 |
| Total assets   | 2,280,815,212 | 1,777,241,616 |
| Current liabilities  | 1,276,021,873 | 551,890,216   |
| Non-current liabilities  | 154,824,634   | 187,877,492   |
| Total liabilities  | 1,430,846,507 | 739,767,708   |
| Minority interests   | -             | -             |
| Attributable to shareholders of the Company (i)                      | 849,968,705   | 1,037,473,908 |
| Share of net assets in proportion (i)                                | 379,936,011   | 463,349,301   |
| Adjustments  |               |               |
| - Goodwill   | 288,274,242   | 288,274,242   |
| Carrying amount of equity investment in associates                   | 668,210,253   | 751,623,543   |
| Revenue  | 513,160,856   | 614,918,196   |
| Net (loss)/profit  | (17,809,242)  | 20,871,310    |
| Other comprehensive income   | -             | -             |
| Total comprehensive income   | (17,809,242)  | 20,871,310    |
| Dividends received from associates by the Group for the current year | 75,777,221    | 26,235,366    |

(i)The Group calculates the shares of net assets in proportion of the shareholdings and based on the amount attributable to the parent company of the associates in their consolidated financial statements, which has taken into account the impact of both the fair value of the identifiable assets and liabilities of the associates upon the acquisition of investment and accounting policy unifying.

## 7. Segment information

The reportable segments of the Group are the business units that provide different products or service. Different businesses require different technologies and marketing strategies. The Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

The Group identified 3 reportable segments as follows:

- Flat glass segment, engaged in production and sale of float glass and the silica for the production thereof
- Engineering glass segment, engaged in manufacturing and sale of engineering glass
- Solar energy segment, engaged in manufacturing and sale of polycrystalline silicon and solar battery and applications

Inter-segment transfer prices are measured by reference to selling prices to third parties.

The assets are allocated based on the operations of the segment and the physical location of the asset. The liabilities are allocated based on the operations of the segment. Expenses indirectly attributable to each segment are allocated to the segments based on the proportion of each segment's revenue.

(a) Segment information as at and for the year ended 31 December 2015 is as follows:

|   | Flat glass    | Engineering glass | Solar energy  | Others    | Unallocated   | Elimination   | Total          |
|---|---------------|-------------------|---------------|-----------|---------------|---------------|----------------|
| Revenue from external customers   | 2,930,937,656 | 2,927,942,185     | 1,572,009,270 | -         | -             | -             | 7,430,889,111  |
| Inter-segment revenue   | 701,009,132   | 29,407,986        | 12,468,946    | -         | -             | (742,886,064) | -              |
| Interest income   | 405,026       | 272,984           | 133,984       | 1,685     | 3,422,872     | (1,591,781)   | 2,644,770      |
| Interest expenses   | (49,309,351)  | (23,779,467)      | (22,994,303)  | -         | (167,501,319) | 2,720,428     | (260,864,012)  |
| Investment loss from associates   | -             | -                 | -             | -         | 7,960,731     | -             | 7,960,731      |
| Asset impairment losses   | (422,473)     | (1,576,236)       | (125,629)     | -         | (1,769,376)   | -             | (3,893,714)    |
| Depreciation and amortisation expenses                                  | (361,645,220) | (238,800,452)     | (212,829,808) | (56)      | (7,487,557)   | 2,516,595     | (818,246,498)  |
| Total profit/(loss)   | 127,559,386   | 475,782,849       | 89,119,405    | (549,077) | 41,834,109    | (93,378)      | 733,653,294    |
| Income tax (expenses)/income  | (12,957,562)  | (75,655,387)      | (6,539,182)   | -         | 1,331,504     | -             | (93,820,627)   |
| Net profit/(loss)   | 114,601,824   | 400,127,462       | 82,580,223    | (549,077) | 43,165,613    | (93,378)      | 639,832,667    |
| Total assets  | 6,817,765,842 | 3,555,919,293     | 4,029,174,684 | 392,117   | 1,086,348,224 | -             | 15,489,600,160 |
| Total liabilities   | 956,687,385   | 650,763,006       | 379,953,157   | 2,715,083 | 5,622,090,052 | -             | 7,612,208,683  |
| Long-term equity investments in associates                              | -             | -                 | -             | -         | 668,210,253   | -             | 668,210,253    |
| Additions of non-current assets other than long-term equity investments | 590,386,027   | 94,600,684        | 355,588,825   | 37,465    | 8,632,828     | -             | 1,049,245,829  |

(b) Segment information as at and for the year ended 31 December 2014 is as follows:

|  | Flat glass               | Engineering glass        | Solar energy             | Others               | Unallocated              | Elimination      | Total                     |
|--|--------------------------|--------------------------|--------------------------|----------------------|--------------------------|------------------|---------------------------|
| Revenue from external customers  | 2,933,548,694            | 3,024,711,288            | 1,085,396,301            | -                    | 846,362                  | -                | 7,044,502,645             |
| Inter-segment revenue  | 734,737,733              | 29,045,544               | 17,550,404               | -                    | -                        | (781,333,681)    | -                         |
| Interest income  | 534,436                  | 841,040                  | 167,683                  | 578                  | 1,657,135                | -                | 3,200,872                 |
| Interest expenses  | (60,077,966)             | (23,444,007)             | (21,823,898)             | -                    | (112,339,442)            | -                | (217,685,313)             |
| Investment income from associates  | -                        | -                        | -                        | -                    | 10,181,795               | -                | 10,181,795                |
| Asset impairment losses  | (21,482,665)             | (2,049,444)              | (1,735,511)              | -                    | (2,961)                  | -                | (25,270,581)              |
| Depreciation and amortisation expenses   | (356,822,609)            | (226,517,924)            | (139,801,027)            | -                    | (7,266,942)              | -                | (730,408,502)             |
| Total profit/(loss)  | 200,612,430              | 608,214,797              | 60,784,368               | (2,683)              | 111,273,011              | 2,700,566        | 983,582,489               |
| Income tax (expenses)/income   | 33,345,752               | (93,844,735)             | (3,436,910)              | -                    | 20,118,136               | -                | (43,817,757)              |
| Net profit/(loss)  | <u>233,958,182</u>       | <u>514,370,062</u>       | <u>57,347,458</u>        | <u>(2,683)</u>       | <u>131,391,147</u>       | <u>2,700,566</u> | <u>939,764,732</u>        |
| <br>Total assets   | <br><u>6,636,642,993</u> | <br><u>3,674,868,086</u> | <br><u>3,859,034,314</u> | <br><u>212,745</u>   | <br><u>946,050,167</u>   | <br><u>-</u>     | <br><u>15,116,808,305</u> |
| <br>Total liabilities  | <br><u>1,142,992,137</u> | <br><u>842,289,281</u>   | <br><u>477,829,490</u>   | <br><u>2,502,814</u> | <br><u>3,997,746,433</u> | <br><u>-</u>     | <br><u>6,463,360,155</u>  |
| <br><br>Long-term equity investments in associates                             | <br><br>-                | <br><br>-                | <br><br>-                | <br><br>-            | <br><br>751,623,543      | <br><br>-        | <br><br>751,623,543       |
| <br>Additions of non-current assets other than<br>long-term equity investments | <br><u>1,000,613,512</u> | <br><u>372,536,444</u>   | <br><u>542,445,604</u>   | <br><u>-</u>         | <br><u>75,306</u>        | <br><u>-</u>     | <br><u>1,915,670,866</u>  |

The Group's revenue from external customers domestically and in foreign countries or geographical areas, and the total non-current assets other than financial assets and deferred tax assets located domestically and in foreign countries or geographical areas are as follows:

| Revenue from external customers          | 2015                  | 2014                  |
|--|-----------------------|-----------------------|
| Mainland                                 | 6,782,706,262         | 6,404,516,048         |
| Hong Kong, PRC                           | 33,763,014            | 33,952,873            |
| Europe                                   | 77,847,670            | 132,787,154           |
| Asia (other than Mainland and Hong Kong) | 440,216,997           | 304,252,167           |
| Australia                                | 53,640,585            | 85,052,465            |
| North America                            | 34,437,909            | 81,199,816            |
| Other regions                            | 8,276,674             | 2,742,122             |
|  | <u>7,430,889,111</u>  | <u>7,044,502,645</u>  |
|  |                       |                       |
| Total non-current assets                 | 31 December 2015      | 31 December 2014      |
| Mainland                                 | 13,136,296,789        | 13,501,317,408        |
| Hong Kong, PRC                           | 12,669,672            | 12,788,090            |
| Australia                                | -                     | 584,516               |
|  | <u>13,148,966,461</u> | <u>13,514,690,014</u> |

No revenue from a single customer exceeded 10% or more of the Group's revenue.

## 8. Related parties and related party transactions

### (1) The parent company

The Company regards no entity as a parent company.

### (2) The subsidiaries

The general information and other related information of the subsidiaries is set out in Note 6(1).

### (3) The associates

The general information and other related information of the joint ventures and associates is set out in Note 6(2).

### (4) Related party transactions

#### (a) Purchase and sales of goods, provision and receiving of labour

| Related parties                           | Related party transactions | Pricing policies      | 2015              | 2014              |
|---|----------------------------|-----------------------|-------------------|-------------------|
| Shenzhen CSG Display Technology Co., Ltd. | Sales of ultra-thin glass  | Refer to market price | <u>19,956,014</u> | <u>10,801,134</u> |

#### (b) Leases

The Group as the lessor:

| Name of the lessee | Category of the leased asset | Lease income recognised in 2015 | Lease income recognised in 2014 |
|--------------------|------------------------------|---------------------------------|---------------------------------|
|--------------------|------------------------------|---------------------------------|---------------------------------|

|   |                                |                  |                |
|---|--------------------------------|------------------|----------------|
| Shenzhen CSG Display Technology Co., Ltd. | Plant                          | 912,000          | 836,000        |
| Shenzhen CSG Display Technology Co., Ltd. | Equipment under finance leases | 867,361          | -              |
|   |                                | <u>1,779,361</u> | <u>836,000</u> |

## (c) Gains on equity transfer

| Related parties                                       | Related party transactions      | Pricing principle                 | 2015               | 2014     |
|---|---------------------------------|-----------------------------------|--------------------|----------|
| Shenzhen CSG Display Technology Co., Ltd. (Note 5(1)) | Equity of Yichang Photoelectric | Refer to fair value of the equity | <u>100,079,340</u> | <u>-</u> |

## (d) Advances paid on behalf of related parties

| Related parties                           | Related party transactions  | Pricing principle     | 2015             | 2014     |
|---|-----------------------------|-----------------------|------------------|----------|
| Shenzhen CSG Display Technology Co., Ltd. | Advances of electric charge | Refer to market price | <u>8,162,650</u> | <u>-</u> |

## (e) Remuneration of key management

|              | 2015             | 2014             |
|--------------|------------------|------------------|
| Remuneration | <u>6,090,400</u> | <u>6,135,800</u> |

## (f) Provide guarantees for related parties

As at 31 December 2015, CSG Group provide guarantees for Yichang CSG Photoelectric Glass Co, Ltd., which is the subsidiary of Shenzhen CSG Display Technology Co., Ltd. The guarantees include bank loan about RMB 22,000,000 and exist before the disposal of Yichang CSG Photoelectric Glass Co, Ltd.

## (5) Receivables from and payables to related parties

|                       |   | 31 December 2015  |                         | 31 December 2014 |                         |
|-----------------------|---|-------------------|-------------------------|------------------|-------------------------|
|                       |   | Carrying amount   | Provision for bad debts | Carrying amount  | Provision for bad debts |
| Accounts receivable   | Shenzhen CSG Display Technology Co., Ltd. | <u>7,943,674</u>  | <u>(158,874)</u>        | <u>421,124</u>   | <u>(8,422)</u>          |
| Other receivables     | Shenzhen CSG Display Technology Co., Ltd. | <u>90,436,480</u> | <u>(1,808,730)</u>      | <u>-</u>         | <u>-</u>                |
| Long-term receivables | Shenzhen CSG Display Technology Co., Ltd. | <u>50,104,299</u> | <u>-</u>                | <u>-</u>         | <u>-</u>                |
| Advances to suppliers | Shenzhen CSG Display Technology Co., Ltd. | <u>9,869,906</u>  | <u>-</u>                | <u>-</u>         | <u>-</u>                |

## (6) Commitments in relation to related parties

The commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Group at the balance sheet date are as follows:



## Leases

|             |   | 31 December 2015 | 31 December 2014 |
|-------------|---|------------------|------------------|
| - Lease-out | Shenzhen CSG Display Technology Co., Ltd. | 58,552,189       | 3,648,000        |

**9. Contingencies**

Nil.

**10. Commitments**

## (1)Capital commitments

Capital expenditures contracted for by the Group at the balance sheet date but are not yet necessary to be recognised on the balance sheet are as follows:

|                                    | 31 December 2015 | 31 December 2014 |
|------------------------------------|------------------|------------------|
| Buildings, machinery and equipment | 144,047,573      | 195,050,992      |

## (2)Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

|               | 31 December 2015 | 31 December 2014 |
|---------------|------------------|------------------|
| Within 1 year | 1,105,731        | 1,102,858        |
| 1 to 2 years  | 875,195          | 722,472          |
| 2 to 3 years  | 765,054          | 37,454           |
| Above 3 years | 259,866          | 1,071,096        |
|               | 3,005,846        | 2,933,880        |

**11. Discontinued operation**

On 1 May 2015, the Company entered into an agreement on transfer of 51% share of Australia CSG with JAFF Limited. The transfer was completed on 27 May and the Company's control over Australia CSG was lost accordingly.

On 8 May 2015, the Company entered into an agreement on transfer of 73.58% share of Yichang Photoelectric with Shenzhen CSG Display Technology Co., Ltd. The transfer was completed on 1 July and the Company's control over Australia CSG was lost accordingly.

The above transferred subsidiaries are discontinued operation and their financial performance is as follows:

|   | 2015         | 2014         |
|---|--------------|--------------|
| Revenue of discontinued operations  | 67,751,660   | 86,660,904   |
| Less: Costs and expenses of discontinued operations                               | (45,260,848) | (82,720,455) |
| Total profit/(loss) of discontinued operations                                    | 22,490,812   | 3,940,449    |
| Less: Income tax of discontinued operations                                       | (5,725,142)  | (8,532,464)  |
| Net profit/(loss) of discontinued operations                                      | 16,765,670   | (4,592,015)  |
| Including: Net profit/(loss) attributable to ordinary shareholders of the Company | 12,010,168   | (4,969,631)  |

## 12. Events after the balance sheet date

### (a) Dividend distribution after the balance sheet date

|                                | Amount      |
|--------------------------------|-------------|
| Dividend authorised to declare | 622,600,668 |

In accordance with the resolution at the Board of Directors' meeting dated on 23 March 2016, the Board of Directors proposed a dividend in the amount of RMB 622,600,668 to the shareholders, which was not recorded as a liability in the financial statements for the current year.

### (b) Investment commitments after the balance sheet date

In accordance with the resolution at the Board of Directors' meeting dated on 22 January 2016, the Group plans to set up photovoltaic plant during 2016 and 2017, including 200MW by the wholly-owned subsidiary Shenzhen CSG PV Energy Co., Ltd with an investment of RMB1.5 billion. Investment to the 140MW which will jointly built by the Group and Zhuzhou Kibing Group Co., Ltd. is RMB1 billion.

## 13. Financial risk

The Group's activities expose it to a variety of financial risks: market risk (primarily foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### (1) Market risk

#### (a) Foreign currency risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. In addition, the Group is exposed to foreign exchange risk arising from the recognised assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to US dollars and Euros. The Group monitors the scale of foreign currency transactions, foreign currency assets and liabilities, and adjust settlement currency of export business, to furthest reduce the currency risk.

As at 31 December 2015, the carrying amount in RMB equivalent of the Group's assets and liabilities denominated in foreign currencies are summarised below:

|   | 31 December 2015   |                    |                   |                    |
|---|--------------------|--------------------|-------------------|--------------------|
|   | USD                | HKD                | Others            | Total              |
| Financial assets denominated in foreign currency -      |                    |                    |                   |                    |
| Cash at bank and on hand                                | 58,954,550         | 1,867,518          | 87,409            | 60,909,477         |
| Receivables   | 75,590,699         | -                  | 8,639,719         | 84,230,418         |
|   | <u>134,545,249</u> | <u>1,867,518</u>   | <u>8,727,128</u>  | <u>145,139,895</u> |
| Financial liabilities denominated in foreign currency - |                    |                    |                   |                    |
| Short-term borrowings                                   | 54,674,443         | 144,939,400        | -                 | 199,613,843        |
| Payables  | 25,061,069         | -                  | 11,688,767        | 36,749,836         |
|   | <u>79,735,512</u>  | <u>144,939,400</u> | <u>11,688,767</u> | <u>236,363,679</u> |
|   | 31 December 2014   |                    |                   |                    |
|   | USD                | HKD                | Others            | Total              |

## Financial assets denominated in foreign currency -

|                          |                   |                  |                   |                   |
|--------------------------|-------------------|------------------|-------------------|-------------------|
| Cash at bank and on hand | 4,560,723         | 1,904,761        | 1,178,444         | 7,643,928         |
| Receivables              | 24,941,950        | -                | 11,789,370        | 36,731,320        |
|                          | <u>29,502,673</u> | <u>1,904,761</u> | <u>12,967,814</u> | <u>44,375,248</u> |

## Financial liabilities denominated in foreign currency -

|  |                    |          |                   |                    |
|--|--------------------|----------|-------------------|--------------------|
| Short-term borrowings                      | 72,423,260         | -        | 16,983,857        | 89,407,117         |
| Payables                                   | 26,210,492         | -        | 27,927,082        | 54,137,574         |
| Current portion of non-current liabilities | 6,293,514          | -        | -                 | 6,293,514          |
|  | <u>104,927,266</u> | <u>-</u> | <u>44,910,939</u> | <u>149,838,205</u> |

As at 31 December 2015, if the currency had strengthened /weakened by 10% against the USD while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB4,659,000 lower/higher (31 December 2014: approximately RMB 6,411,000 higher/lower) for various financial assets and liabilities denominated in USD.

As at 31 December 2015, if the currency had strengthened /weakened by 10 % against the HKD while all other variables had been held constant, the Group's net profit for the year would have been approximately RMB10,730,000 higher/lower (31 December 2014: RMB 162,000 lower/higher) for various financial assets and liabilities denominated in USD.

Other changes in exchange rate had no significant influence on the Group's operating activities.

## (b) Interest rate risk

The Group's interest rate risk arises from long-term interest bearing debts including long-term borrowings and bonds payable. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2015, the Group's long-term interest-bearing debts at and fixed rates and floating rates as illustrated below:

|                        | 31 December 2015     | 31 December 2014     |
|------------------------|----------------------|----------------------|
| Debt at fixed rates    | 2,200,000,000        | 1,995,783,205        |
| Debt at floating rates | -                    | 383,817,820          |
|                        | <u>2,200,000,000</u> | <u>2,379,601,025</u> |

The Group continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial position. The Group makes adjustments timely with reference to the latest market conditions, which includes increasing/decreasing long-term fixed rate debts at the anticipation of increasing/decreasing interest rate.

## (2) Credit risk

Credit risk is managed on the grouping basis. Credit risk mainly arises from cash at bank, notes receivable, accounts receivable, other receivables.

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties. Furthermore, as the Group's bank acceptance notes receivable are generally accepted by the state-owned banks and other large and medium listed banks, the management believes the credit risk should be limited.

In addition, the Group has policies to limit the credit exposure on accounts receivable, other receivables and trade acceptance notes receivable. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of

customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

### (3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash reserve, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

As stated in Note 2(1) above, as at 31 December 2015, the Group had net current liabilities of approximately RMB2.839 billion and committed capital expenditures of approximately RMB0.144 billion. Management will implement the following measures to ensure the liquidation risk limited to a controllable extent:

- (a) The Group will have steady cash inflows from operating activities;
- (b) The Group will pay the debts that mature and finance the construction projects through the existing bank facilities; and
- (c) The Group will closely monitoring the payment of construction expenditure in terms of payment time and amount.

The financial liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

|  | 31 December 2015     |                      |                      |              | Total                |
|--|----------------------|----------------------|----------------------|--------------|----------------------|
|  | Within 1 year        | 1 to 2 years         | 2 to 5 years         | Over 5 years |                      |
| Short-term borrowings                      | 3,269,572,568        | -                    | -                    | -            | 3,269,572,568        |
| Notes payable                              | 8,000,000            | -                    | -                    | -            | 8,000,000            |
| Accounts payable                           | 915,266,051          | -                    | -                    | -            | 915,266,051          |
| Interests payable                          | 89,363,806           | -                    | -                    | -            | 89,363,806           |
| Other payables                             | 143,021,055          | -                    | -                    | -            | 143,021,055          |
| Current portion of non-current liabilities | 244,191,152          | -                    | -                    | -            | 244,191,152          |
| Long-term borrowings                       | 59,280,000           | 59,280,000           | 1,350,217,700        | -            | 1,468,777,700        |
| Bonds payable                              | 53,300,000           | 1,042,640,000        | -                    | -            | 1,095,940,000        |
|  | <u>4,781,994,632</u> | <u>1,101,920,000</u> | <u>1,350,217,700</u> | <u>-</u>     | <u>7,234,132,332</u> |

|  | 31 December 2014     |                    |                    |              | Total                |
|--|----------------------|--------------------|--------------------|--------------|----------------------|
|  | Within 1 year        | 1 to 2 years       | 2 to 5 years       | Over 5 years |                      |
| Short-term borrowings                      | 2,005,285,324        | -                  | -                  | -            | 2,005,285,324        |
| Notes payable                              | 3,500,000            | -                  | -                  | -            | 3,500,000            |
| Accounts payable                           | 960,537,876          | -                  | -                  | -            | 960,537,876          |
| Interests payable                          | 74,556,982           | -                  | -                  | -            | 74,556,982           |
| Other payables                             | 147,269,978          | -                  | -                  | -            | 147,269,978          |
| Current portion of non-current liabilities | 2,233,956,338        | -                  | -                  | -            | 2,233,956,338        |
| Long-term borrowings                       | 22,605,105           | 243,563,587        | 162,793,358        | -            | 428,962,050          |
|  | <u>5,447,711,603</u> | <u>243,563,587</u> | <u>162,793,358</u> | <u>-</u>     | <u>5,854,068,548</u> |

## 14. Fair value estimates

Based on the lowest level input that is significant to the fair value measurement in its entirety, the fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(a) Financial instruments not measured but disclosed at fair value

In 2015, the Group's financial assets and liabilities other than disposed available-for-sale financial assets were not measured at fair value.

Except for financial liabilities listed below, the carrying amount of the other financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

|                   | 31 December 2015     |                      | 31 December 2014     |                      |
|-------------------|----------------------|----------------------|----------------------|----------------------|
|                   | Carrying amount      | Fair value           | Carrying amount      | Fair value           |
| Bonds payable     | 1,000,000,000        | 1,010,820,000        | 1,995,783,205        | 2,002,490,000        |
| Medium-term notes | 1,200,000,000        | 1,209,940,000        | -                    | -                    |
|                   | <u>2,200,000,000</u> | <u>2,220,760,000</u> | <u>1,995,783,205</u> | <u>2,002,490,000</u> |

The fair values of payables and medium-term notes are the present value of the contractually determined stream of future cash flows at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows on the same terms, which belong to Level 3.

## 15. Capital management

The Group's capital management policies aim to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group is not subject to external mandatory capital requirement and monitors capital on the basis of gearing ratio.

As at 31 December 2015 and 2014, the Group's gearing ratio is as follows:

|                   | 31 December 2015 | 31 December 2014 |
|-------------------|------------------|------------------|
| Total liabilities | 7,612,208,683    | 6,463,360,155    |
| Total assets      | 15,489,600,160   | 15,116,808,305   |
| Gearing ratio     | <u>49%</u>       | <u>43%</u>       |

## 16. Notes to the Company's financial statements

(1) Other receivables

|                                  | 31 December 2015     | 31 December 2014     |
|----------------------------------|----------------------|----------------------|
| Receivables from related parties | 4,285,231,188        | 3,574,439,444        |
| Others                           | <u>260,407</u>       | <u>359,148</u>       |
|                                  | 4,285,491,595        | 3,574,798,592        |
| Less: Provision for bad debts    | <u>(1,776,559)</u>   | <u>(7,183)</u>       |
|                                  | <u>4,283,715,036</u> | <u>3,574,791,409</u> |

(a) The ageing of other receivables is analysed as follows:

|               | 31 December 2015 | 31 December 2014 |
|---------------|------------------|------------------|
| Within 1 year | 4,285,491,595    | 3,574,798,592    |

As at 31 December 2015, the Company had no overdue but not impaired other receivables (31 December 2014: Nil).

(b) Other receivables are analysed by categories as follows:

|                                      | 31 December 2015     |                    |                         |                              | 31 December 2014     |                    |                         |                              |
|--------------------------------------|----------------------|--------------------|-------------------------|------------------------------|----------------------|--------------------|-------------------------|------------------------------|
|                                      | Carrying amount      |                    | Provision for bad debts |                              | Carrying amount      |                    | Provision for bad debts |                              |
|                                      | Amount               | % of total balance | Provision for bad debts | Provision for bad debts n(%) | Amount               | % of total balance | Provision for bad debts | Provision for bad debts n(%) |
| Provision for bad debts by groupings |                      |                    |                         |                              |                      |                    |                         |                              |
| - Group 1                            | 260,407              | 0%                 | (5,208)                 | 2%                           | 359,148              | 0%                 | (7,183)                 | 2%                           |
| - Group 2                            | 4,285,231,188        | 100%               | (1,771,351)             | 0%                           | 3,574,439,444        | 100%               | -                       | -                            |
|                                      | <u>4,285,491,595</u> | <u>100%</u>        | <u>(1,776,559)</u>      | <u>0%</u>                    | <u>3,574,798,592</u> | <u>100%</u>        | <u>(7,183)</u>          | <u>0%</u>                    |

(c) For other receivables provided for bad debts by portfolio, the percentage of provision for the portfolio is as follows:

|             | 31 December 2015     |                         |            | 31 December 2014     |                         |            |
|-------------|----------------------|-------------------------|------------|----------------------|-------------------------|------------|
|             | Carrying amount      | Provision for bad debts |            | Carrying amount      | Provision for bad debts |            |
|             | Amount               | Amount                  | Percentage | Amount               | Amount                  | Percentage |
| Portfolio 1 | 260,407              | (5,208)                 | 2%         | 359,148              | (7,183)                 | 2%         |
| Portfolio 2 | 4,285,231,188        | (1,771,351)             | 0%         | 3,574,439,444        | -                       | -          |
|             | <u>4,285,491,595</u> | <u>(1,776,559)</u>      | <u>0%</u>  | <u>3,574,798,592</u> | <u>(7,183)</u>          | <u>0%</u>  |

(d) As at 31 December 2015, the Group's top five entities with the largest other receivables balances are summarised as below:

|                                    | Relationship with the Group | Amount               | Aging         | % of total balance |
|------------------------------------|-----------------------------|----------------------|---------------|--------------------|
| Yichang CSG Silicon Co., Ltd.      | Subsidiary                  | 1,679,621,492        | Within 1 year | 39%                |
| Wujiang CSG Glass Co., Ltd.        | Subsidiary                  | 617,696,946          | Within 1 year | 14%                |
| Chengdu CSG Glass Co., Ltd.        | Subsidiary                  | 383,681,825          | Within 1 year | 9%                 |
| Dongguan CSG PV-tech Co., Ltd.     | Subsidiary                  | 259,367,752          | Within 1 year | 6%                 |
| Dongguan CSG Solar Glass Co., Ltd. | Subsidiary                  | 238,096,095          | Within 1 year | 6%                 |
|                                    |                             | <u>3,178,464,110</u> |               | <u>74%</u>         |

(2) Long-term equity investments

|  | 31 December 2015     | 31 December 2014     |
|--|----------------------|----------------------|
| Subsidiaries (a)   | 4,066,657,802        | 4,387,840,415        |
| Associates - without quoted price (b)                          | 286,119,936          | 360,210,315          |
| Less: Impairment provision for investments in subsidiaries (a) | (15,000,000)         | (15,000,000)         |
|  | <u>4,337,777,738</u> | <u>4,733,050,730</u> |

There is no restriction on sale of the long-term equity investments held by the Company.

## (a)Subsidiaries

|  | 31 December<br>2014  | Movements in the current year |                           |                                     |          | 31 December<br>2015<br>(i) | Provision for<br>impairment<br>loss | Cash dividends<br>declared in the<br>current year |
|--|----------------------|-------------------------------|---------------------------|-------------------------------------|----------|----------------------------|-------------------------------------|---|
|  |                      | Additional<br>investment      | Decrease in<br>investment | Provision for<br>impairment<br>loss | Others   |                            |                                     |   |
| Chengdu CSG Glass Co., Ltd.                        | 76,674,073           | -                             | -                         | -                                   | -        | 76,674,073                 | -                                   | 73,670,953  |
| Sichuan CSG Energy Conservation Glass Co., Ltd.    | 115,290,583          | -                             | -                         | -                                   | -        | 115,290,583                | -                                   | 65,943,933  |
| Tianjin Energy Conservation Glass Co., Ltd.        | 242,902,974          | -                             | -                         | -                                   | -        | 242,902,974                | -                                   | 80,249,447  |
| Dongguan CSG Architectural Glass Co., Ltd.         | 193,618,971          | -                             | -                         | -                                   | -        | 193,618,971                | -                                   | 80,641,211  |
| Dongguan CSG Solar Glass Co., Ltd.                 | 349,446,826          | -                             | -                         | -                                   | -        | 349,446,826                | -                                   | -   |
| Yichang CSG Silicon Co., Ltd.                      | 632,958,044          | -                             | -                         | -                                   | -        | 632,958,044                | -                                   | -   |
| Yichang CSG Photoelectric Glass Co, Ltd.           | 157,461,200          | -                             | (157,461,200)             | -                                   | -        | -                          | -                                   | -   |
| Wujiang CSG Architectural Glass Co., Ltd.          | 251,313,658          | -                             | -                         | -                                   | -        | 251,313,658                | -                                   | 75,562,582  |
| Dongguan CSG PV-tech Co., Ltd. (iii)               | 308,122,789          | -                             | (308,122,789)             | -                                   | -        | -                          | -                                   | -   |
| Hebei CSG Glass Co., Ltd.                          | 261,998,368          | -                             | -                         | -                                   | -        | 261,998,368                | -                                   | -   |
| China Southern Glass (Hong Kong) Limited           | 85,742,211           | -                             | -                         | -                                   | -        | 85,742,211                 | -                                   | -   |
| Wujiang CSG Glass Co., Ltd.                        | 562,179,564          | -                             | -                         | -                                   | -        | 562,179,564                | -                                   | -   |
| Hebei Shichuang Glass Co., Ltd.                    | 243,062,801          | -                             | -                         | -                                   | -        | 243,062,801                | -                                   | 46,949,205  |
| China Southern Glass (Australia) Pty Ltd.          | 1,393,524            | -                             | (1,393,524)               | -                                   | -        | -                          | -                                   | 3,670,548   |
| Jiangyou CSG Mining Development Co., Ltd.          | 100,725,041          | -                             | -                         | -                                   | -        | 100,725,041                | -                                   | -   |
| Xianning CSG Glass Co Ltd.                         | 177,041,818          | -                             | -                         | -                                   | -        | 177,041,818                | -                                   | 21,400,394  |
| Xianning CSG Energy Conservation Glass Co Ltd.     | 161,281,576          | -                             | -                         | -                                   | -        | 161,281,576                | -                                   | 47,294,494  |
| Qingyuan CSG Energy Saving New Materials Co., Ltd. | 300,185,609          | -                             | -                         | -                                   | -        | 300,185,609                | -                                   | -   |
| Shenzhen CSG Financial Leasing Co., Ltd.           | -                    | 45,000,000                    | -                         | -                                   | -        | 45,000,000                 | -                                   | -   |
| Shenzhen CSG PV Energy Co., Ltd.                   | -                    | 100,000,000                   | -                         | -                                   | -        | 100,000,000                | -                                   | -   |
| Others (ii)  | 166,440,785          | 794,900                       | -                         | -                                   | -        | 167,235,685                | (15,000,000)                        | -   |
|  | <u>4,387,840,415</u> | <u>145,794,900</u>            | <u>(466,977,513)</u>      | <u>-</u>                            | <u>-</u> | <u>4,066,657,802</u>       | <u>(15,000,000)</u>                 | <u>495,382,767</u>                                |

- (i) As at 31 December 2015, included in the investments in subsidiaries were deemed investment costs of RMB96,884,696 (31 December 2014: RMB103,730,921), the fair value of the equity instruments of the Company granted to the employee of the subsidiaries for their services provided to the subsidiaries for which the Company did not charge the subsidiaries.
- (ii) Others mainly included subsidiaries which were registered in Shenzhen but the production lines had been moved to Dongguan. The operations of the subsidiaries were basically ceased. The Company made provision against the long-term investment in these subsidiaries based on their recoverable amounts in previous years.
- (iii) In 2015, the Company transferred all its share of Dongguan CSG PV-tech Co., Ltd. to its subsidiary, Yichang CSG Silicon Co., Ltd.

## (b) Associates

|   | Movements in the current year |                       |                        |  |                         |                         |                               | 31 December 2015 |
|---|-------------------------------|-----------------------|------------------------|--|-------------------------|-------------------------|-------------------------------|------------------|
|   | 31 December 2014              | Additional investment | Decrease in investment | Share of net profit/(loss) under equity method | Other changes in equity | Cash dividends declared | Provision for impairment loss |                  |
| Shenzhen CSG Display Technology Co., Ltd. | 360,210,315                   | -                     | -                      | 960,738  | 726,104                 | (75,777,221)            | -                             | 286,119,936      |

|   | Method        | Shareholding (%) | Voting right (%) | Discrepancy between shareholding and voting right | Provision for impairment loss | Provision accrued in the current year |
|---|---------------|------------------|------------------|---|-------------------------------|---------------------------------------|
|   |               |                  |                  |   |                               |                                       |
| Shenzhen CSG Display Technology Co., Ltd. | Equity method | 44.70%           | 44.70%           | Nil   | -                             | -                                     |

## (3) Long-term receivables

|  | 31 December 2015     | 31 December 2014     |
|--|----------------------|----------------------|
| Bonds payable and long-term borrowings allocated to subsidiaries | 1,905,645,000        | 1,411,290,000        |
| Substantive long-term investments in subsidiaries                | 136,228,923          | 170,000,000          |
| Entrusted loans allocated to subsidiaries                        | 98,000,000           | 55,000,000           |
|  | <u>2,139,873,923</u> | <u>1,636,290,000</u> |
| Less: Provision for impairment loss                              | -                    | -                    |
|  | <u>2,139,873,923</u> | <u>1,636,290,000</u> |

|   | 31 December 2014 | Movements in the current year | 31 December 2015 | Provision for impairment loss | Reversals of provision for impairment loss in the current year |
|---|------------------|-------------------------------|------------------|-------------------------------|--|
| Chengdu CSG Glass Co., Ltd.                     | 280,000,000      | (90,000,000)                  | 190,000,000      | -                             | -  |
| Sichuan CSG Energy Conservation Glass Co., Ltd. | 189,330,000      | (74,665,000)                  | 114,665,000      | -                             | -  |
| Dongguan CSG PV-tech Co., Ltd.                  | 220,210,000      | (60,105,000)                  | 160,105,000      | -                             | -  |
| Yichang CSG Silicon Co., Ltd.                   | 244,960,000      | 227,520,000                   | 472,480,000      | -                             | -  |



|  |                      |                    |                      |          |          |
|--|----------------------|--------------------|----------------------|----------|----------|
| Dongguan CSG Architectural Glass Co., Ltd.         | 219,670,000          | 16,393,923         | 236,063,923          | -        | -        |
| Wujiang CSG Glass Co., Ltd.                        | 200,000,000          | 110,000,000        | 310,000,000          | -        | -        |
| Dongguan CSG Solar Glass Co., Ltd.                 | 147,560,000          | 46,220,000         | 193,780,000          | -        | -        |
| Wujiang CSG Architectural Glass Co., Ltd.          | 39,780,000           | 30,110,000         | 69,890,000           | -        | -        |
| Qingyuan CSG Energy Saving New Materials Co., Ltd. | 55,000,000           | 93,000,000         | 148,000,000          | -        | -        |
| Xianning CSG Energy Conservation Glass Co Ltd.     | -                    | 80,000,000         | 80,000,000           | -        | -        |
| Xianning CSG Glass Co Ltd.                         | -                    | 75,000,000         | 75,000,000           | -        | -        |
| Others   | 39,780,000           | 50,110,000         | 89,890,000           | -        | -        |
|  | <u>1,636,290,000</u> | <u>503,583,923</u> | <u>2,139,873,923</u> | <u>-</u> | <u>-</u> |

## (4) Other payables

|              | 31 December 2015   | 31 December 2014   |
|--------------|--------------------|--------------------|
| Subsidiaries | 288,115,879        | 243,551,425        |
| Others       | 7,305,286          | 27,363,647         |
|              | <u>295,421,165</u> | <u>270,915,072</u> |

## (5) Investment income

|  | 2015               | 2014               |
|--|--------------------|--------------------|
| Investment income from long-term equity investment under cost method           | 495,382,767        | 497,796,216        |
| Investment income from long-term equity investment under equity method         | 960,738            | 72,636,227         |
| Gains on equity transfer   | 61,682,478         | 203,834,506        |
| Investment income from disposal of available-for-sale financial assets         | 194,276,696        | -                  |
| Income earned during the holding period of available-for-sale financial assets | 60,372             | 82,653             |
|  | <u>752,363,051</u> | <u>774,349,602</u> |

There is no significant restriction on the remittance of investment income to the Group

**I. Statement of non-recurring gains and losses**

|  | 2015          | 2014          |
|--|---------------|---------------|
| Losses on disposal of non-current assets                                       | (2,441,151)   | 17,722,782    |
| Government grants recognised in profit or loss for the current period          | (81,013,548)  | (90,223,936)  |
| Income earned during the holding period of available-for-sale financial assets | (60,372)      | (98,640)      |
| Gains on disposal of available-for-sale financial assets                       | (195,799,023) | (6,912,150)   |
| Investment income from disposal of long-term equity investment                 | (100,146,152) | (311,247,064) |
| Non-operating income and expenses other than aforesaid items                   | (33,268,175)  | (14,816,694)  |

|   |               |               |
|---|---------------|---------------|
| Effect on tax incentives in 2014        | -             | (77,854,087)  |
|   | (412,728,421) | (483,429,789) |
| Effect of corporate income tax          | 86,288,731    | 20,318,806    |
| Effect of minority interest (after tax) | 1,370,526     | 28,347,800    |
| Total non-recurring gains and losses    | (325,069,164) | (434,763,183) |

(1) Basis for preparation of statement of non-recurring gains and losses

Under the requirements in Explanatory announcement No. 1 on information disclosure by companies offering securities to the public – non-recurring profit or loss [2008] from CSRC, non-recurring profit or loss refer to those arises from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.

## II. Return on net assets and earnings per share

|  | Weighted average return<br>on net assets (%) |        | Earnings per share       |      |                            |      |
|--|--|--------|--------------------------|------|----------------------------|------|
|  |  |        | Basic earnings per share |      | Diluted earnings per share |      |
|  | 2015   | 2014   | 2015                     | 2014 | 2015                       | 2014 |
| Net profit attributable to ordinary shareholders of the Company  | 7.70%  | 10.61% | 0.30                     | 0.42 | 0.30                       | 0.42 |
| Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses | 3.69%  | 5.33%  | 0.14                     | 0.21 | 0.14                       | 0.21 |

## **Section X. Documents Available for Reference**

- I. Text of the Annual Report carrying the legal representative's signature;
- II. Text of the financial report carrying the signatures and seals of the legal representative, C.F.O and person in charge of financial organization;
- III. Original of the Auditors' Report carrying the seal of PricewaterhouseCoopers Zhongtian LLP and the signatures and seals of the certified public accountants;
- IV. All texts of the Company's documents and original public notices disclosed in the website and papers appointed by CSRC in the report period.

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