

Stock code: 000012; 200012
Bond code: 149079

Short form of the stock: CSG A; CSG B
Short form of the bond: 20 CSG 01

Notice No.: 2020-062

CSG HOLDING CO., LTD.

SUMMARY OF SEMI-ANNUAL REPORT 2020



Chairman of the Board:

Chen Lin

August 2020

I. Important notice

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

This report is prepared both in Chinese and English. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

Notice of non-standard audit opinion

Applicable Not applicable

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

Applicable Not applicable

The Company has no plans of cash dividend distribution, bonus shares being sent or converting capital reserve into share capital.

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

Applicable Not applicable

II. The basic information of the Company

1. Company profile

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

2. Main accounting data and financial indexes

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

Yes No

	The report period (Jan. to Jun.2020)	The same period of last year	Increase/decrease year-on-year
Operating income (RMB)	4,424,221,349	4,888,237,578	-9.49%

Net profit attributable to shareholders of the listed company (RMB)	391,466,723	377,342,401	3.74%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	358,644,297	283,939,444	26.31%
Net cash flow arising from operating activities (RMB)	779,644,389	767,982,465	1.52%
Basic earnings per share (RMB/Share)	0.13	0.12	8.33%
Diluted earnings per share (RMB/Share)	0.13	0.12	8.33%
Weighted average ROE	4.08%	4.09%	-0.01%
	End of this period	End of last year	Increase/decrease in this period-end over that of last year-end
Total assets (RMB)	19,364,312,707	18,201,235,959	6.39%
Net assets attributable to shareholders of the listed company (RMB)	9,671,644,531	9,495,588,878	1.85%

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

Unit: share

Total amount of shareholders at the end of the report period	147,420	Total amount of the preferred shareholders who have resumed the voting right at end of report period (if applicable)	0			
Shareholding of the top ten shareholders						
Full name of Shareholders	Nature of shareholder	Proportion of shares held (%)	Total shares held at the end of report period	Amount of restricted shares held	Number of share pledged/frozen	
					Share status	Amount
Foresea Life Insurance Co., Ltd. – HailiNiannian	Domestic non state-owned legal person	15.19%	466,386,874			
Foresea Life Insurance Co., Ltd. – Universal Insurance Products	Domestic non state-owned legal person	3.86%	118,425,007			
Zhongshanruntian Investment Co., Ltd.	Domestic non state-owned legal person	2.82%	86,633,447		Pledged	81,000,000
Foresea Life Insurance Co., Ltd. – Own Fund	Domestic non state-owned legal person	2.11%	64,765,161			
Hong Kong Securities Clearing Company Limited	Foreign legal person	1.93%	59,415,950			
Central Huijin Asset Management Ltd.	State-owned legal person	1.89%	57,915,488			
China Galaxy International Securities (Hong Kong) Co., Limited	Foreign legal person	1.35%	41,349,778			
China Merchants Securities (HK) Co., Limited	State-owned legal person	1.06%	32,423,421			
Shenzhen International Holdings (SZ) Limited	State-owned legal person	0.95%	29,095,000			
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.62%	19,177,013			
Statement on associated relationship or consistent action among the above shareholders:	Among shareholders as listed above, Foresea Life Insurance Co., Ltd.-HailiNiannian, Foresea Life Insurance Co., Ltd.-Universal Insurance Products, Foresea Life Insurance Co., Ltd.-Own Fund are all held by Foresea Life Insurance Co., Ltd. Shenzhen Jushenghua Co., Ltd. is a related legal person of Foresea Life Insurance Co., Ltd. and Chengtai Group Co., Ltd., another related legal person of Foresea Life Insurance Co., Ltd, which held 40,187,904 shares via China Galaxy International Securities (Hong Kong) Co., Limited. Except for the above-mentioned shareholders, it is unknown whether other shareholders belong to related party or have associated relationship regulated by the Management Regulation of Information Disclosure on Change of Shareholding for Listed Companies.					
Explanation on shareholders involving margin business (if applicable)	N/A					

4. Changes of controlling shareholder or actual controller

Changes of controlling shareholder in the report period

Applicable Not applicable

Changes of actual controller in the report period

Applicable Not applicable

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

Applicable Not applicable

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

6. Corporate Bonds

Does the company have corporate bonds that are publicly issued and listed on the stock exchange and are not due on the approval date of the semi-annual report or are not fully cashed when they are due

Yes

Name	Short name	Bond code	Issue date	Maturity date	Bond balance (RMB 0,000)	Interest rate	Way of repayment of principal and interest
CSG Holding Co., Ltd. Public issue of corporate bonds to qualified investors in 2020 (phase I)	20 CSG 01	149079	2020-3-24 to 2020-3-25	2023-3-25	199,165	6%	Use simple interest to calculate the annual interest, excluding compound interest. Interest is paid once a year, principal is repaid once due, and the last installment of interest is paid together with the principal.

III. Business Discussion and Analysis

1. Brief introduction to operation situation in the report period

At the beginning of 2020, a sudden outbreak of COVID-19 brought about a stern test to the national economy.

After the outbreak of the epidemic, the Company resolutely implemented the strategic deployment of the CPC Central Committee, to start the "war time" command system, and to lay out epidemic prevention and control measures. CSG and its subsidiaries firmly implemented the requirements of the governments at all levels, and in accordance with the instructions of "Unswervingly emphasizing epidemic prevention and going all out to secure production", on one hand, the Company strictly controlled the epidemic prevention, and on the other hand, it paid close attention to safe resumption of work and production. The Company has 6 subsidiaries in Hubei Province, the region that was seriously affected by the epidemic, and the production and operation of those subsidiaries were affected to a certain extent for their production, sales and logistics were greatly affected by the epidemic. In order to fulfill the social responsibility of a listed company and meet the urgent demand for protective materials during the epidemic period, the Company actively responded to the call of the state and the government to switch to the production of masks and disinfection products (84 disinfectant), by making use of over 30 years experience in manufacturing technology, production and management and its own advantages in production capacity and

resources, as well as overcoming the difficulties of insufficient equipment, staff and raw materials during the epidemic period, and actively undertook the production task of the materials which Shenzhen government reserved up for epidemic prevention and control. During the epidemic period, the Company actively allocated and donated about RMB 15 million of funds and materials for epidemic prevention and control to the places where the headquarter and its subsidiaries located, which suffered a lot from the epidemic such as Hubei and Guangdong etc., and donated 10 million self-made masks to Shenzhen government, to support the local governments in fighting against the epidemic. As the Company was fully prepared for epidemic response, it timely firmed up the differentiated operation strategy according to market changes, adjusted the operation direction, and continued to reduce cost and increase efficiency. Although the operating income has decreased year on year, the net profit achieved a positive growth. In the first half year of 2020, the Company achieved operating income of RMB 4,424 million with a year-on-year decrease of 9.49%, net profit of RMB 402 million, with a year-on-year increase of 3.91%, and net profit attributable to the parent company of RMB 391 million, with a year-on-year increase of 3.74%; within which achieved a year-on-year increase of 26.31% after deducting non-recurring gains and losses.

According to the development trend of the industry and its own advantages and characteristics, the Company further clarified its development strategy, putting forward the strategy that it adheres to the principle of making glass industry, its core business, bigger and stronger by polishing "Three Pieces of Glass" (float glass, PV glass, electronic glass), building a brand (engineering glass), taking advantage of its leading superiority in the business in terms of brand, technology and management, improving the industrial scale through horizontal integration and vertical industrial chain extension, exporting its technology and management to improve the quality of the industry, turning the advantages of CSG's technology and management into the advantages of market share and benefit contribution, and improving the status as a leading enterprise in the industry. During the epidemic period, the Company signed an investment agreement with Fengyang County Government of Anhui Province to build a manufacturing base of lightweight & high-permeability panel for solar energy equipment. At the same time, it applied for non-public issuance of A shares to raise construction funds, and soon obtained the approval of CSRC. At present, the issuance work is actively promoted, which will lay a solid foundation for the Company's future strategic development.

Glass industry:

In the face of adverse effects brought to the glass industry and the upstream and downstream enterprises by the outbreak of COVID-19, the Company responded positively by adopting effective measures, and the net profit of its glass industry bucked the trend and got increased. In the first half year of 2020, the glass industry achieved operating income of RMB 3,592 million a year-on-year decrease of 2.14% and net profit of RMB 450 million, with a year-on-year increase of 26.90%. The detail is as follows:

Flat glass: Affected by the epidemic, the price and sales volume of float glass fluctuated on a year-on-year base. In response to the periodic adjustment of the market, the Company took effective measures including reducing costs through centralized procurement and development of new suppliers, increasing the proportion of differentiated products and high value-added products to enhance profitability, and achieved positive growth of net profit under the impact of the epidemic. The solar glass achieved a significant increase in net profit year-on-year through actively seizing export orders and increasing the strategy of double-glass products during the epidemic period, which contributed significantly to the overall performance of the Group.

Architectural glass: The overseas market of architectural glass was fairly good in the first quarter, but affected by the epidemic, the resumption of work was delayed compared with that in previous years, and the logistics was also greatly affected. By going all out to resume production in the second quarter, the overall business performance in the first half of the year was better than

expected. Through the continuous implementation of differentiated product development and promotion, equipment automation and informatization, cost reduction and efficiency improvement and cost assessment, the architectural glass kept stable business operation. Under the impact of the epidemic, it showed a strong operational ability in the face of severe market.

Electronic glass and display industry:

The Company has 5 manufacturing subsidiaries in the electronic glass and display industry, of which 3 are located in Hubei Province. The resumption of work was delayed in the first quarter and production, sales, logistics and other aspects were greatly affected by the epidemic, but gradually returned to normal in the second quarter. In order to continuously expand the high-end market of electronic glass and produce higher generation products, the Company took the initiative to suspend production of Qingyuan phase I for technical transformation at the end of April this year. Therefore, the production and sales volume of the industry decreased year-on-year. In the first half year of 2020, the electronic glass and display industry achieved operating income of RMB 405 million with a year-on-year decrease of 20.56%, and net profit of RMB 54 million, with a year-on-year decrease of 48.56%.

The Company firmly followed the development route of product upgrade and acceleration of import substitution. After conquering the technology of the new generation of high aluminum electronic glass, Xianning Photoelectric successfully achieved mass production of the second generation high aluminum glass in the first half of 2020, and the excellent performance of the product can meet the downstream terminal customers' higher standard requirements for basic materials in the fields of 3D curved surface technology and 5G communication solutions, the technological level of which can be comparable with foreign advanced level. At present, the product has been introduced to domestic well-known mobile phone enterprises, and its market promotion is in smooth progress. At the same time, the construction of one kiln and two lines for electronic glass in Qingyuan phase II project is being accelerated, and it is expected to ignite at the end of September this year. Although affected by the epidemic and production line upgrading in a short time, with the construction of new production lines, the application of new technologies, the gradual increase of the proportion of high-end products, and the acceleration of import substitution process, the future development of electronic glass and display industry will continue to be better.

Solar Energy and other industries:

Silicon material base of solar energy industry located in Hubei Province, was seriously affected by the epidemic. Apart from stopping production of polysilicon for technological upgrading, silicon wafer was out of production before April, and gradually resumed production after April. As the overseas PV market was also affected by the epidemic, the delivery speed of PV products slowed down, but the production and sales gradually recovered in the second half of the second quarter and the market gradually improved.

In order to respond to the epidemic and fulfill its social responsibility, the Company invested and established Shenzhen CSG Medical Technology Co., Ltd. during the critical period of the epidemic, which produced masks, and took the initiative to undertake the production task of the materials which Shenzhen government reserved up for epidemic prevention and control. At the same time, it made use of the existing cell workshop purification workshop and PV cell beat-type production and environmental purification production experience of Dongguan PV-tech Co., Ltd. to produce anti-epidemic materials such as masks to meet the urgent market demand for protective materials, and donated more than 10 million self-made masks to Shenzhen and other places, which achieved good social and economic benefits. With the joint efforts of the Group, its solar energy and other businesses achieved operating income of RMB 479 million and net profit of RMB 1 million in the first half of 2020 under the influence of the epidemic.

2. Matters relevant to financial report

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

Applicable Not applicable

On July 5, 2017, the Ministry of Finance issued new Accounting Standards for Business Enterprises No. 14 - Revenue (Accounting [2017] No. 22). According to the regulations, for the enterprises listed both at home and abroad and enterprises listed abroad which prepared financial statements by adopting international financial reporting standards or accounting standards for business enterprises, the new accounting standard shall be implemented from January 1, 2018, while for other domestic listed enterprises, it shall be implemented from January 1, 2020. The Group has adopted the above standards and notices to prepare the semi-annual financial report 2020. The revised income standard has no significant impact on the Group and the Company.

Details can be found on the Company's Announcement of Accounting Policy Changes which was published on Juchao website (www.cninfo.com.cn) on April 30, 2020.

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

Applicable Not applicable

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

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

Applicable Not applicable

On January 7, 2020, the Group set up a subsidiary, CSG (Thailand) Co., Ltd. As of June 30, 2020, the Group has invested USD 808,000. The Group owns 100% of its equity.

On February 5, 2020, the Group set up a subsidiary, Anhui CSG New Energy Materials Technology Co., Ltd. As of June 30, 2020, the Group has invested RMB 3 million. The Group owns 100% of its equity.

On February 8, 2020, the Group set up a subsidiary, Anhui CSG New Quartz Material Co., Ltd. As of June 30, 2020, the Group has invested RMB 3 million. The Group owns 100% of its equity.

On February 10, 2020, the Group set up a subsidiary, Shenzhen CSG Medical Technology Co., Ltd. As of June 30, 2020, the Group has invested RMB 20 million. The Group owns 100% of its equity.

**Board of Directors of
CSG Holding Co., Ltd.
24 August 2020**