

## Financial Report of Semi-annual Report 2020

### (I) Auditors' Report

Whether the Semi-annual Report has been audited or not

Yes  No

The Company's Semi-annual Report has not been audited.

### (II) Financial Statements

All figures in the Notes to the Financial Statements are in RMB.

#### 1. Consolidated Balance Sheet

Prepared by CSG Holding Co., Ltd.

June 30, 2020

Unit: RMB

Item	June 30, 2020	December 31, 2019
Current assets		
Cash at bank and on hand	3,074,973,644	1,986,980,418
Notes receivable	230,044,196	297,023,380
Accounts receivable	780,968,446	649,681,177
Receivables financing	303,344,206	258,296,826
Advances to suppliers	119,645,053	78,196,027
Other receivables	201,571,781	202,854,864
Inventories	1,036,632,734	812,321,690
Other current assets	151,162,747	447,995,931
Total current assets	5,898,342,807	4,733,350,313
Non-current assets		
Fixed assets	8,482,459,154	9,783,037,301
Construction in progress	3,116,834,966	1,902,140,035
Intangible assets	1,107,585,475	1,044,826,287
Development expenditure	109,312,689	85,240,356
Goodwill	315,097,756	315,097,756
Long-term prepaid expenses	11,110,889	11,351,431
Deferred tax assets	219,430,452	205,792,587
Other non-current assets	104,138,519	120,399,893

Total non-current assets	13,465,969,900	13,467,885,646
Total assets	19,364,312,707	18,201,235,959
Current liabilities		
Short-term borrowings	1,604,423,055	2,240,969,137
Notes payable	187,639,865	232,063,968
Accounts payable	1,267,881,055	1,100,531,779
Advances from customers		292,803,811
Contract liabilities	269,082,855	
Employee benefits payable	230,856,876	337,866,246
Taxes payable	135,641,333	115,425,044
Other payables	270,701,826	351,374,775
Of which: interest payable	108,653,849	73,251,086
Dividend payable		2,985,563
Current portion of non-current liabilities	2,092,839,388	1,712,456,928
Other current liabilities	300,000	300,000
Total current liabilities	6,059,366,253	6,383,791,688
Non-current liabilities		
Long-term borrowings	675,200,269	1,320,225,000
Bonds payable	1,991,652,870	
Long-term payable	53,006,500	87,240,529
Deferred income	499,807,166	513,925,557
Deferred tax liabilities	32,958,226	30,197,657
Total non-current liabilities	3,252,625,031	1,951,588,743
Total liabilities	9,311,991,284	8,335,380,431
Shareholders' equity		
Share capital	3,070,692,107	3,106,915,005
Capital surplus	596,997,085	683,219,358
Less: Treasury shares		118,066,397
Other comprehensive income	7,932,636	6,565,864
Special reserve	10,666,738	11,102,921
Surplus reserve	946,251,286	946,251,286
Undistributed profits	5,039,104,679	4,859,600,841
Total equity attributable to shareholders of parent company	9,671,644,531	9,495,588,878
Minority shareholders' equity	380,676,892	370,266,650

Total shareholders' equity	10,052,321,423	9,865,855,528
Totalliabilities and shareholders' equity	19,364,312,707	18,201,235,959

Legal Representative:Chen Lin Principal in charge of accounting:Wang Jian Principal of the financial department:Wang Wenxin

## 2. Balance Sheet of the Parent Company

Unit: RMB

Item	June 30, 2020	December 31,2019
Current assets		
Cash at bank and on hand	2,611,477,480	1,560,798,731
Advances to suppliers	3,606,751	1,799,222
Other receivables	3,736,236,883	3,179,500,967
Other current assets		300,000,000
Total current assets	6,351,321,114	5,042,098,920
Non-current assets		
Long-term receivables	1,200,000,000	1,200,000,000
Long-term equity investments	5,267,965,574	5,079,465,574
Fixed assets	19,242,074	19,550,442
Intangible assets	217,284	370,484
Other non-current assets	5,388,068	1,407,535
Total non-current assets	6,492,813,000	6,300,794,035
Total assets	12,844,134,114	11,342,892,955
Current liabilities		
Short-term borrowings	1,018,000,000	1,687,000,000
Notes payable		170,000,000
Accounts payable	628,828	236,346
Employee benefits payable	22,680,306	53,040,982
Taxes payable	527,877	2,901,358
Other payables	1,472,770,969	1,643,156,452
Of which: interest payable	48,504,355	41,186,139
Dividend payable		2,985,563
Current portion of non-current liabilities	2,000,000,000	1,200,000,000
Total current liabilities	4,514,607,980	4,756,335,138
Non-current liabilities		
Long-term borrowings	500,000,000	1,130,000,000

Bonds payable	1,991,652,870	
Deferred income	181,188,683	182,386,537
Total non-current liabilities	2,672,841,553	1,312,386,537
Total liabilities	7,187,449,533	6,068,721,675
Shareholders' equity		
Share capital	3,070,692,107	3,106,915,005
Capital surplus	741,824,399	828,046,672
Less: Treasury shares		118,066,397
Surplus reserve	960,796,646	960,796,646
Undistributed profits	883,371,429	496,479,354
Total shareholders' equity	5,656,684,581	5,274,171,280
Total liabilities and shareholders' equity	12,844,134,114	11,342,892,955

### 3. Consolidated Income Statement

Unit: RMB

Item	Half year of 2020	Half year of 2019
I. Total revenue	4,424,221,349	4,888,237,578
Of which: Business income	4,424,221,349	4,888,237,578
II. Total business cost	3,967,771,208	4,526,773,571
Of which: Business cost	3,159,567,031	3,671,376,825
Tax and surcharge	52,338,392	56,687,997
Sales expenses	161,639,534	172,503,399
Administrative expenses	317,419,407	292,862,355
R&D expenses	145,063,647	174,276,136
Financial expenses	131,743,197	159,066,859
Of which: interest expense	152,178,964	171,031,605
Interest income	24,931,363	14,923,375
Plus: Other income	48,009,326	107,755,413
Credit impairment loss ("-" "for loss)	-2,961,920	
Asset impairment loss ("-" "for loss)	154,053	-3,765,670
Income on disposal assets ("-" "for loss)	-342,005	370,969
III. Operational profit ("-" "for loss)	501,309,595	465,824,719
Plus: non-operational income	2,218,131	3,666,315
Less: non-operational expenditure	17,535,553	6,293,227

IV. Total profit (“-” for loss)	485,992,173	463,197,807
Less: Income tax expenses	84,115,208	76,458,740
V. Net profit (“-” for net loss)	401,876,965	386,739,067
(I) Classification by business continuity		
1. Net profit from continuing operations (“-” for net loss)	401,876,965	386,739,067
(II) Classification by ownership		
1. Equity attributable to shareholders of parent company	391,466,723	377,342,401
2. Minority shareholder gains and losses	10,410,242	9,396,666
VI. Other comprehensive income net after tax	1,366,772	280,161
Other comprehensive income net after tax attributable to shareholders of parent company	1,366,772	280,161
(II) Other comprehensive income items which will be reclassified subsequently into profit and loss	1,366,772	280,161
1. Differences on translation of foreign currency financial statements	1,366,772	280,161
VII. Total comprehensive income	403,243,737	387,019,228
Total comprehensive income attributable to shareholders of parent company	392,833,495	377,622,562
Total comprehensive income attributable to minority shareholders	10,410,242	9,396,666
VIII. Earnings per share:		
(I) Basic earnings per share	0.13	0.12
(II) Diluted earnings per share	0.13	0.12

Legal Representative: Chen Lin Principal in charge of accounting: Wang Jian Principal of the financial department: Wang Wenxin

#### 4. Income Statement of the Parent Company

Unit: RMB

Item	Half year of 2020	Half year of 2019
I. Revenue	37,484,754	38,156,685
Less: Business cost		
Tax and surcharge	1,021,570	484,868
Sales expenses		
Administrative expenses	59,530,745	63,631,618
R & D expenses	9,250	355,838
Financial expenses	79,503,361	64,544,835

Of which: interest expense	100,457,503	74,386,747
Interest income	22,683,049	12,738,082
Plus: Other income	1,955,221	1,466,247
Investment income (“- “for loss)	703,591,508	390,105,325
Credit impairment loss (“- “for loss)	6,972	
Asset impairment loss (“- “for loss)		94,314
Income on disposal assets (“- “for loss)	981	
II. Operating profit	602,974,510	300,805,412
Add: Non-operating revenue		2,403,225
Less: Non-operating expenses	4,119,550	3,859,460
III. Total profit (“- “for loss)	598,854,960	299,349,177
Less: Income tax (expenses)/revenue		
IV. Net profit (“- “for loss)	598,854,960	299,349,177
(I) Net profit for continuing operations (“- “for loss)	598,854,960	299,349,177
V. Other comprehensive income net after tax		
VI. Total comprehensive income	598,854,960	299,349,177
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

## 5. Consolidated Cash Flow Statement

Unit: RMB

Item	Half year of 2020	Half year of 2019
I. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	4,739,003,316	5,267,136,350
Refund of taxes and surcharges	11,866,382	7,189,735
Receive other cash related to operating activities	69,696,304	69,328,688
Subtotal of cash inflow from operating activities	4,820,566,002	5,343,654,773
Cash paid for goods and services	2,767,721,923	3,243,706,052
Cash paid to and on behalf of employees	708,599,327	706,947,717
Payments of taxes and surcharges	284,726,645	310,470,632
Pay other cash related to operating activities	279,873,718	314,547,907
Subtotal of cash outflow from operating activities	4,040,921,613	4,575,672,308
Net cash flows from/(used in) operating activities	779,644,389	767,982,465

II. Cash flows from investing activities		
Cash received from investment recovery		
Cash received from investment income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	723,823	355,765
Cash received relating to other investing activities	328,067,104	36,323,006
Subtotal of cash inflows from investing activities	328,790,927	36,678,771
Cash paid to acquire fixed assets, intangible assets and other long-term assets	436,165,155	283,862,176
Cash paid relating to other investing activities	21,848,237	44,089,887
Subtotal of cash outflows from investing activities	458,013,392	327,952,063
Net cash flows (used in)/from investing activities	-129,222,465	-291,273,292
III. Cash flows from financing activities		
Cash received from borrowings	1,243,981,261	1,498,543,308
Cash received from bond issuance	1,991,680,000	
Cash received relating to other financing activities	298,227	500,154,376
Subtotal of cash inflows from financing activities	3,235,959,488	1,998,697,684
Cash repayments of borrowings	1,827,110,966	1,833,149,550
Cash payments for interest expenses and distribution of dividends or profits	336,678,849	314,316,388
Cash payments relating to other financing activities	483,358,139	808,767,638
Subtotal of cash outflows from financing activities	2,647,147,954	2,956,233,576
Net cash flows (used in)/from financing activities	588,811,534	-957,535,892
IV. Effect of foreign exchange rate changes on cash and cash equivalents	587,483	-59,328
V. Net increase/(decrease) in cash and cash equivalents	1,239,820,941	-480,886,047
Add: Cash and cash equivalents at beginning of current period	1,831,835,030	2,225,126,913
VI. Cash and cash equivalents at end of current period	3,071,655,971	1,744,240,866

## 6. Cash Flow Statement of the Parent Company

Unit: RMB

Item	Half year of 2020	Half year of 2019
I. Cash flows from operating activities		
Refund of taxes and surcharges	613,917	

Cash received relating to other operating activities	29,744,731	22,806,175
Sub-total of cash inflows	30,358,648	22,806,175
Cash paid to and on behalf of employees	79,870,460	69,731,706
Payments of taxes and surcharges	7,235,926	2,061,399
Cash paid relating to other operating activities	13,995,974	14,959,674
Sub-total of cash outflows	101,102,360	86,752,779
Net cash flows from/(used in) operating activities	-70,743,712	-63,946,604
II. Cash flows from investing activities		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	703,591,508	
Sub-total of cash inflows	1,000	
Other cash received related to investment activities	300,000,000	
Subtotal of cash inflow from investment activities	1,003,592,508	
Cash paid to acquire fixed assets, intangible assets and other long-term assets	5,332,761	2,887,626
Cash paid for investing activities	188,500,000	10,000,000
Sub-total of cash outflows	193,832,761	12,887,626
Net cash flows (used in)/from investing activities	809,759,747	-12,887,626
III. Cash flows from financing activities		
Cash received from borrowings	832,999,801	1,300,000,000
Cash received relating to other financing activities	1,991,680,000	
Sub-total of cash inflows	2,824,679,801	1,300,000,000
Cash repayments of borrowings	1,331,999,801	1,250,000,000
Cash payments for interest expenses and distribution of dividends or profits	308,585,809	242,330,883
Other cash paid relating to financing activities	722,080,591	604,806,391
Subtotal of cash outflows from financing activities	2,362,666,201	2,097,137,274
Net cash flows (used in)/from financing activities	462,013,600	-797,137,274
IV. Effect of foreign exchange rate changes on cash and cash equivalents	5,810	1,963
V. Net increase/(decrease) in cash and cash equivalents	1,201,035,445	-873,969,541
Add: Cash and cash equivalents at beginning of current period	1,407,215,863	1,699,514,334
VI. Cash and cash equivalents at end of current period	2,608,251,308	825,544,793



**7. Consolidated Statement of Changes in Owners' Equity**

Amount of the current period

Unit: RMB

Item	Half year of 2020									
	Owners' Equity Attributable to the Parent Company								Minority shareholders' equity	Total shareholders' equity
	Share capital	Capital surplus	Less: treasury share	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profits	Subtotal		
I. Balance at the end of the previous year	3,106,915,005	683,219,358	118,066,397	6,565,864	11,102,921	946,251,286	4,859,600,841	9,495,588,878	370,266,650	9,865,855,528
II. Balance at the beginning of current year	3,106,915,005	683,219,358	118,066,397	6,565,864	11,102,921	946,251,286	4,859,600,841	9,495,588,878	370,266,650	9,865,855,528
III. Amount of change in current term("–" for decrease)	-36,222,898	-86,222,273	-118,066,397	1,366,772	-436,183		179,503,838	176,055,653	10,410,242	186,465,895
(I) Total amount of the comprehensive income				1,366,772			391,466,723	392,833,495	10,410,242	403,243,737
(II) Capital paid in and reduced by owners	-36,222,898	-86,222,273	-118,066,397					-4,378,774		-4,378,774
1. The amount of share-based payment included in	-36,222,898	-86,222,273	-118,066,397					-4,378,774		-4,378,774

owner's equity										
2. Others										
(III) Profit distribution							-211,962,885	-211,962,885		-211,962,885
1. Appropriations to owners (or shareholders)							-211,962,885	-211,962,885		-211,962,885
(IV) Internal carry-forward of owners' equity										
(V) Specific reserve					436,183			436,183		436,183
2. Used in the period					436,183			436,183		436,183
(VI) Others										
IV. Balance at the end of the period	3,070,692,107	596,997,085		7,932,636	10,666,738	946,251,286	5,039,104,679	9,671,644,531	380,676,892	10,052,321,423

Amount of the previous period

Unit: RMB

Item	Half year of 2019									
	Owners' Equity Attributable to the Parent Company								Minority shareholders' equity	Total shareholders' equity
	Share capital	Capital surplus	Less: treasury share	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profits	Subtotal		
I. Balance at the end of the previous year	2,863,277,201	1,095,339,421	277,180,983	5,080,234	6,068,600	924,305,375	4,486,264,723	9,103,154,571	346,277,891	9,449,432,462
II. Balance at the	2,863,277,201	1,095,339,421	277,180,983	5,080,234	6,068,600	924,305,375	4,486,264,723	9,103,154,571	346,277,891	9,449,432,462

beginning of current year										
III. Amount of change in current term("–" for decrease)	244,918,962	-371,521,658	-139,903,420	280,161	2,166,651		236,135,366	251,882,902	9,396,666	261,279,568
(I) Total amount of the comprehensive income				280,161			377,342,401	377,622,562	9,396,666	387,019,228
(II) Capital paid in and reduced by owners	-37,644,324	-88,958,372	-139,903,420					13,300,724		13,300,724
1. The amount of share-based payment included in owner's equity	-37,644,324	-88,958,372	-139,903,420					13,300,724		13,300,724
2. Others										
(III) Profit distribution							-141,207,035	-141,207,035		-141,207,035
1. Appropriations to surplus reserves										
2. Distribution to the owner (or shareholder)							-141,207,035	-141,207,035		-141,207,035
(IV) Internal carry-forward of owners' equity	282,563,286	-282,563,286								
1. Capital reserve transferred to capital (or share capital)	282,563,286	-282,563,286								
(V) Specific reserve					2,166,651			2,166,651		2,166,651
1. Withdrawn for the					3,646,882			3,646,882		3,646,882

period										
2. Used in the period					1,480,231			1,480,231		1,480,231
(VI) Others										
IV. Balance at the end of the period	3,108,196,163	723,817,763	137,277,563	5,360,395	8,235,251	924,305,375	4,722,400,089	9,355,037,473	355,674,557	9,710,712,030

## 8. Statement of changes in owner's equity of the parent company

Amount of the current period

Unit: RMB

Item	Half year of 2020					
	Share capital	Capital surplus	Less: treasury share	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance at the end of the previous year	3,106,915,005	828,046,672	118,066,397	960,796,646	496,479,354	5,274,171,280
II. Balance at the beginning of current year	3,106,915,005	828,046,672	118,066,397	960,796,646	496,479,354	5,274,171,280
III. Amount of change in current term("-" for decrease)	-36,222,898	-86,222,273	-118,066,397		386,892,075	382,513,301
(I) Total amount of the comprehensive income					598,854,960	598,854,960
(II) Capital paid in and reduced by owners	-36,222,898	-86,222,273	-118,066,397			-4,378,774
1. The amount of share-based payment included in owner's equity	-36,222,898	-86,222,273	-118,066,397			-4,378,774
(III) Profit distribution					-211,962,885	-211,962,885
1. Appropriations to owners (or shareholders)					-211,962,885	-211,962,885
(IV) Internal carry-forward of owners' equity						
(V) Special reserve						
IV. Balance at the end of the period	3,070,692,107	741,824,399		960,796,646	883,371,429	5,656,684,581

Amount of the previous period

Unit: RMB

Item	Half year of 2019					
	Share capital	Capital surplus	Less: treasury share	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance at the end of the previous year	2,863,277,201	1,240,166,735	277,180,983	938,850,735	440,114,948	5,205,228,636
II. Balance at the beginning of current year	2,863,277,201	1,240,166,735	277,180,983	938,850,735	440,114,948	5,205,228,636
III. Amount of change in current term(" - "for decrease)	244,918,962	-371,521,658	-139,903,420		158,142,142	171,442,866
(I) Total amount of the comprehensive income					299,349,177	299,349,177
(II) Capital paid in and reduced by owners	-37,644,324	-88,958,372	-139,903,420			13,300,724
1.The amount of share-based payment included in owner's equity	-37,644,324	-88,958,372	-139,903,420			13,300,724
(III) Profit distribution					-141,207,035	-141,207,035
1. Appropriations to owners (or shareholders)					-141,207,035	-141,207,035
(IV) Internal carry-forward of owners' equity	282,563,286	-282,563,286				
1.Capital reserve transferred to capital (or share capital)	282,563,286	-282,563,286				
(V) Special reserve						
(VI) Others						
IV. Balance at the end of the period	3,108,196,163	868,645,077	137,277,563	938,850,735	598,257,090	5,376,671,502

### III. Basic Information of the Company

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 headquarters is located in Shenzhen, Guangdong Province of the People's Republic of China. The Company issued RMB-denominated ordinary shares (“A-share”) and foreign shares (“B-share”) publicly in October 1991 and January 1992 respectively, and was listed on Shenzhen Stock Exchange on February 1992. As at June 30, 2019, the registered capital was RMB 3,070,692,107, with nominal value of RMB 1 per share.

The Company and its subsidiaries (collectively referred to as the “Group”) are mainly engaged in the manufacture and sales of flat glass, specialized glass, engineering glass, energy saving glass, silicon related materials, polysilicon and solar components and electronic-grade display device glass and the construction and operation of photovoltaic plant etc.

The financial statements were authorized for issue by the Board of Directors on August 20, 2020.

Details on the major subsidiaries included in the consolidated scope in current year were stated in the Note.

### IV. Basis of the preparation of financial statements

#### 1. Basis of preparation

The financial statements are prepared in accordance with the *Accounting Standards 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.

#### 2. Going concern

As at June 30, 2020, the Group current liabilities exceed current assets about RMB161 million and committed capital expenditure of about RMB 550million. The directors of the Company have made an assessment that the Group has been in continuous business for many years and expects to continue to generate sufficient cash flow from operating activities in the next 12 months. From January to June 2020, the net cash inflow from operation activities is approximately RMB 780 million; and 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 June 30, 2020, the Group had unutilised banking facilities of approximately RMB 9.441 billion, among which long-term banking facilities were about RMB 1.475billion. In addition, the shareholder of the Group or other appointed related parties are willing to provide the Group with RMB 2 billion interest-free loan. The Group also has other sources of financing, such as issuing short-term bonds, ultra-short-term financing bonds, medium-term notes and corporate bonds. The directors of the Company believe that the above credit line and shareholder support are sufficient to meet the funding needs of the Group for repayment of debts and capital commitments. Therefore, the financial statements for the report period will continue to be prepared on a going concern basis.

## **V. Significant accounting policies and accounting estimates**

The Group determines specific accounting policies and accounting estimates based on the characteristics of production and operation, which are mainly reflected in the measurement of expected credit losses of receivables, the valuation method of inventories, fixed asset depreciation and intangible asset amortization, judgment standards for capitalization of development expenditures, income confirmation time, etc.

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

### **1. Statement of compliance with the Accounting Standards for Business Enterprises**

The financial statements of the Company for the first half year of 2020 truly and completely present the financial position as of June 30, 2020 and the operating results, cash flows and other information for the first half year of 2020 of the Group and the Company in compliance with the Accounting Standards for Business Enterprises.

### **2. Accounting period**

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

### **3. Operating cycle**

The Company's operating cycle starts on 1 January and ends on 31 December.

### **4. Recording currency**

The recording currency is Renminbi (RMB).

### **5. Accounting treatment method of business combination under common control and not under common control**

#### **(a) Business combinations involving entities under common control**

The consideration paid and net assets obtained by the absorbing party in a business combination are measured at book value. The difference between book value of the net assets obtained from the combination and book value 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 entities 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 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 involving enterprises not 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 sales of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to shareholders of the parent company. Unrealised profits and losses resulting from the sales of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to shareholders of the parent company and non-controlling interests in accordance with the allocation proportion of the parent company in the subsidiary. Unrealised profits and losses resulting from the sales of assets by one subsidiary to another are eliminated and allocated between net profit attributable to shareholders of the parent company and non-controlling interests in accordance with the allocation proportion of the parent in the subsidiary.

After the control over the subsidiary has been gained, whole or partial minority equities of the subsidiary owned by minority shareholders are acquired from the subsidiary's minority shareholders. In the consolidated financial statements, the subsidiary's assets and liabilities are reflected with amount based on continuous calculation starting from the acquisition date or consolidation date. Capital surplus is adjusted according to the difference between newly increased long-term equity investment arising from acquisition of minority equity and the share of net assets calculated based on current shareholding ratio that the parent company is entitled to. The share is subject to continuous calculation starting from the acquisition date or consolidation date. If the capital surplus (capital premium or share capital premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings.

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. Criteria for determining 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. Translating of foreign currency operations and foreign currency report form

### (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 instrument is a contract that forms a financial asset of one party and forms a financial liability or equity instrument of the other party. A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument.

### (a) Financial assets

#### (i) Classification and measurement

According to the business model of the financial assets under management and the characteristics of the contractual cash flow of the financial assets, the Company divides the financial assets into the following three categories: (1) Financial assets measured at amortized cost; (2) Financial assets measured at fair value through other comprehensive income; (3) Financial assets at fair value through profit or loss.

The financial assets are measured at fair value at initial recognition. Related transaction costs that are attributable to the acquisition of the financial assets are included in the initially recognised amounts, except for the financial assets at fair value through profit or loss,

the related transaction costs of which are recognized directly in profit or loss for the current period. Accounts receivable or notes receivable arising from sales of products or rendering of services (excluding or without regard to significant financing components) are initially recognized at the consideration that is entitled to be charged by the Group as expected.

#### Debt instruments

The debt instruments held by the Group refer to the instruments that meet the definition of financial liabilities from the perspective of the issuer, and are measured in the following three ways.

##### Measured at amortised cost:

The objective of the Group's business model is to hold the financial assets to collect the contractual cashflows, and the contractual cashflow characteristics are consistent with a basic lending arrangement, which gives rise on specified dates to the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The interest income of such financial assets is recognised using the effective interest method. Such financial assets mainly comprise cash at bank and onhand, placements with and loans to banks and other financial institutions measured at amortised cost, notes receivable, accounts receivable, factoring receivables, loans and advances, other receivables and long-term receivables. Long-term receivables that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current assets.

##### Measured at fair value through other comprehensive income:

The objective of the Group's business model is to hold the financial assets to collect the contractual cash flows and selling as target, and the contractual cashflow characteristics are consistent with a basic lending arrangement. Such financial assets are measured at fair value and their changes are included in other comprehensive income, but impairment losses or gains, exchange gains and losses, and interest income calculated by the effective interest rate method are all included in the current profit and loss. Such financial assets mainly comprise receivable financing and other financial debt investment. Other financial debt investments that are due within one year (inclusive) as from the balance sheet date are included in the current portion as other current assets.

##### Measured at fair value through profit or loss:

Debt instruments held by the Group that are not divided into those at amortised cost or those measured at fair value through other comprehensive income, are measured at fair value through profit or loss and included in financial assets held for trading. At initial recognition, the Group designates a portion of financial assets as at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch. Financial assets that are due within one year (inclusive) as from the balance sheet date and are expected to be held over one year are included in other non-current financial assets.

#### Equity instruments

Investments in equity instruments, over which the Group has no control, joint control or significant influence, are measured at fair value through profit or loss under financial assets held for trading; investments in equity instruments expected to be held over one year as from the balance sheet date are included in other non-current financial assets.

In addition, a portion of certain investments in equity instruments not held for trading are designated as financial assets at fair value through other comprehensive income under other investments in equity instruments. The relevant dividend income of such financial

assets is recognised in profit or loss for the current period.

(ii) Impairment

The Group confirms the loss provision based on expected credit losses for financial assets measured at amortised cost.

Giving consideration to reasonable and supportable information on past events, current conditions and forecasts of future economic conditions, as well as the default risk weight, the expected credit loss was confirmed.

As at each balance sheet date, the expected credit losses of financial instruments at different stages are measured respectively. 12-month ECL provision is recognized for financial instruments in Stage1 that have not had a significant increase in credit risk since initial recognition; lifetime ECL provision is recognized for financial instruments in Stage2 that have had a significant increase in credit risk yet without credit impairment since initial recognition; and lifetime ECL provision is recognized for financial instruments in Stage3 that have had credit impairment since initial recognition.

For the financial instruments with lower credit risk on the balance sheet date, the Group assumes there is no significant increase in credit risks in ceinitial recognition and recognizes the 12-month ECL provision.

For the financial instruments in Stage 1, Stage 2 and with lower credit risk, the Group calculates the interest income by applying the effective interest rate to the gross carrying amount (before deduction of the impairment provision). For the financial instrument in Stage3, the interest income is calculated by applying the effective interest rate to the amortised cost (after deduction of the impairment provision from the gross carrying amount).

For notes and accounts receivables and receivables financing arising from daily business activities such as selling commodities and providing labor services, regardless of whether there is a significant financing component, the Group measures the loss provision based on the expected credit loss for the entire duration.

In case the expected credit losses of an individually assessed financial asset cannot be evaluated with reasonable cost, the Group divides the receivables into certain groupings based on credit risk characteristics, and calculates the expected credit losses for the groupings. Basis for determined groupings and method for provision are as follows:

Notes receivables Portfolio 1	Bank acceptance notes	Expected credit loss method
Notes receivables Portfolio 2	Tradeacceptance Notes	Expected credit loss method
Accounts receivables Portfolio1	Receivables related third party	Expected credit loss method
Accounts receivables Portfolio2	Receivables relatedparty	Expected credit loss method
Other receivables Portfolio1	Receivables related third party	Expected credit loss method
Other receivables Portfolio 2	Receivables related party	Expected credit loss method

For notes and accounts receivables and receivable financing arising from daily business activities such as selling commodities and providing labor services, the Group refers to historical credit loss experience, combined with current conditions and predictions of future economic conditions. In addition to notes receivable, factoring receivables and other receivables classified as a combination, the Group refers to historical credit loss experience, combines current conditions and predictions of future economic conditions, and passes default risk exposure and future 12. The expected credit loss rate within a month or the entire duration is calculated as the

expected credit loss.

The Group recognizes the loss provision made or reversed into profit or loss for the current period. For debt instruments that are held at fair value and whose changes are included in other comprehensive income, the Group adjusts other comprehensive income while accounting for impairment losses or gains in the current profit or loss.

#### (iii) Derecognition

A financial asset is derecognised when any of the below criteria is met: (1) the contractual rights to receive the cashflows from the financial asset expire; (2) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; (3) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

#### (b) Financial liabilities

The Group's financial liabilities mainly comprise financial liabilities at amortised cost, including bills payable, accounts payable, and other payables. This type of financial liability is initially measured at its fair value after deducting transaction costs, and is subsequently measured using the actual interest rate method. If the maturity is less than one year (including one year), it is listed as current liabilities; if the maturity is more than one year but matures within one year (including one year) from the balance sheet date, it is listed as non-expiring within one year Current liabilities; the rest are listed as non-current liabilities.

A financial liability is derecognized or partly derecognized when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognized part of the financial liability and the consideration paid is recognised in profit or loss for the current period.

#### (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. In valuation, the Group adopts valuation techniques applicable in the current situation and supported by adequate available data and other information, selects inputs with the same characteristics as those of assets or liabilities considered in relevant transactions of assets or liabilities by market participants, and gives priority to the use of relevant observable inputs. When relevant observable inputs are not available or feasible, unobservable inputs are adopted.

## 10. 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) Valuation method for issuing inventory

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) Amortization methods of low-value consumables and packaging materials.

Turnover materials include low-value consumables and packaging materials, amortized using the one-off write-off method.

(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 book values of the inventories over their net realizable value. Net realizable 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.

## 11. Assets classified as 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 to terms that are traditionally and customary for sales; (2) the Group has made a resolution and obtained appropriate approval for disposal of the non-current asset or the disposal group, and 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 book value. 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.

The discontinued operation profits on income statement presentation have included the profits and loss of operation and disposal.

## 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 or 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 by the equity method, if the initial investment cost is greater than the fair value of the investee's identifiable net assets, the initial investment cost shall be used as the long-term equity investment cost; if the initial investment cost is less than the investment, the invested entity shall be entitled to If the fair value share of net assets is identifiable, the difference is included in the current profit and loss, and the cost of equity investment in the growth period is adjusted accordingly.

For long-term equity investments accounted for using 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 provisions under the accounting standards on contingencies are satisfied, the Group continues recognising the investment losses and the provisions. For changes in owners' equity of the investee other than those arising from its net profit or loss, its proportionate share is directly recorded into capital surplus, provided that the proportion of 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 transactions between the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, based on which the investment gain 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, jointly 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

Book value of long-term equity investments in subsidiaries and associates is reduced to the recoverable amount when the recoverable amount is less than book value.

**13. Fixed assets**

## (a) Recognition and initial measurement

Fixed assets comprise buildings, machinery and equipment, motor vehicles and others.

Fixed assets are recognised when it is probable that the related economic benefits will probably 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. Book value 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

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 net residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

Item	Depreciation method	Estimated useful lives	Estimated net residual value	Annual depreciation rate
Building	Straight-line method	20 to 35 years	5%	2.71% to 4.75%
Machinery and equipment	Straight-line method	8 to 20 years	5%	4.75% to 11.88%
Motor vehicles and others	Straight-line method	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) Book value of a fixed asset is reduced to the recoverable amount when the recoverable amount is below book value.

## (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.

Book value of construction in progress is reduced to the recoverable amount when the recoverable amount is below book value.

## 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

### (1) Valuation method, useful life and impairment test

Intangible assets, mainly including land use rights, patents and proprietary technologies, exploitation rights and others, 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) Patents and proprietary technologies

Patents and proprietary technologies 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 amortization method

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

(e) Impairment of intangible assets

Book value of intangible assets is reduced to the recoverable amount when the recoverable amount is below book value.

## **(2) Accounting policy for internal research and development expenditure**

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;
- 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.

## **17. 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, book 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 book value of goodwill that is allocated to the asset group or group of asset groups, and then deducted from book values of other assets within the asset groups or groups of asset groups in proportion to book values 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.

## **18. 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 amortization.

## **19. Employee benefits**

### **(1) 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.

### **(2) Accounting treatment method for 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.

### **(3) 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.

#### **(4) Accounting treatment of dismissal 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 dismissal benefits expected to be paid within one year since the balance sheet date are classified as current liabilities.

## **20. 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.

Book value of provision is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

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

## **21. Share-based payments**

Share-based payments are divided into equity-settled and cash-settled payments. The term "equity-settled share-based payment" refers to a transaction in which an enterprise grants shares or other equity instruments as a consideration in return for services.

Equity-settled share-based payment the Group's stock option stock option plan is the equity-settled share-based payment in exchange of employees' services and is measured at the fair value of the equity instruments at grant date. The equity instruments are exercisable after services in vesting period are completed or specified performance conditions are met. In the vesting period, the services obtained in current period are included in relevant cost and expenses at the fair value of the equity instruments at grant date based on the best estimate of the number of exercisable equity instruments, and capital surplus is increased accordingly. If the subsequent information indicates the number of exercisable equity instruments differs from the previous estimate, an adjustment is made and, on

the exercise date, the estimate is revised to equal the number of actual vested equity instruments.

In the period at which performance conditions and term of service are met, the relevant cost and expenses of equity-settled payment should be recognized, and capital surplus is increased accordingly. Before the exercise date, the accruing amounts of equity-settled payments on balance sheet date reflect the part of expired waiting period and optimal estimation for the number of the Company final vested equity instruments.

If the non-market conditions and term of service are not met so that share-based payment fail to exercise, the costs and expenses on this portion should not be recognized. If the share-based payment agreement sets out the market conditions and term of non-vesting, as long as performance conditions and term of service are met, it is should be regard as exercisable right, no matter the market conditions and non-vesting conditions are meet or not.

If the terms of equity-settled payment are modified, at least the service is confirmed in accordance with the unmodified terms. In addition, the increase of the fair value of the authorized equity instruments, or the beneficial changes to the employees on the modification date, the increase of service are confirmed. If the equity-settled payment is cancelled, the cancellation date shall be deemed as an expedited exercise, and the unconfirmed amount shall be confirmed immediately. If the employee or other party is able to choose to meet the non-vesting conditions but not satisfied in the waiting period, equity-settled payment should be cancelled. But if a new equity instrument is granted, and the new equity instrument is confirmed to replace the old equity instrument which is canceled in the authorization date of the new equity instrument, the new equity instrument should be disposed by using the same conditions and terms of the old equity instrument for modifications.

## 22. Revenue

Has the new revenue standard been implemented

Yes  No

The Group has performed the performance obligation in the contract, that is, when the customer obtains control of the relevant goods or services, the revenue is recognized according to the transaction price allocated to the performance obligation. The performance obligation refers to the commitment of the Group to transfer to the customer in the contract that can clearly distinguish the goods or services. Transaction price refers to the amount of consideration that the Group is expected to be entitled to receive for the transfer of goods or services to customers, but does not include the amount collected on behalf of a third party and the amount expected to be returned to the customer by the Group.

If one of the following conditions is met, the performance obligation is performed within a certain period of time, and the Group recognizes the revenue within a period of time according to the performance progress: (1) the customers obtain and consume the economic benefits brought about by the performance of the Group; (2) the customers can control the commodities under construction in the process of the Group's performance; (3) the products produced in the process of the Group's performance have no difference It can be used as an alternative and the Group is entitled to receive payment for the part of the contract which has been completed so far in the whole contract period. Otherwise, the Group recognizes revenue at the time when the customer obtains control of the relevant goods or services.

## 23. 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 grants 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 grants other than those related to assets.

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. The company use the same method of presentation for similar government grants.

The ordinary activity government grants should be counted into operating profits; the government grants which not belong to ordinary activities should be counted into non-operating income.

#### **24. Deferred tax assets and deferred tax liabilities**

Deferred tax assets and deferred tax liabilities are calculated and recognized based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognized 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 recognized for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognized 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 realized or the liability is settled.

Deferred tax assets are only recognized 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 utilized.

Deferred tax liabilities are recognized 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 utilized, the corresponding deferred tax assets are recognized.

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;

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

## 25. Leases

### (1) Accounting treatment of operating 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.

### (2) Accounting treatment of finance lease

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 a finance lease.

## 26. Other important accounting policies and accounting estimates

The Group continually Estimates the critical accounting estimates and key assumptions 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 possibly causing a material adjustment to book values of assets and liabilities within the next accounting year are outlined below:

#### (a) Income tax

The Group is subject to Income tax in numerous jurisdictions. There are some 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 tax 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 is subject to sufficient taxable income that is 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. 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**

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, 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 book value of fixed assets on balance sheet.

**(e) Goodwill impairment**

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, and future cash flow from each CGU or CGUs is forecasted and discounted with appropriate discount rate.

**27. Significant accounting policies and changes in accounting estimates****(1) Important accounting policy changes**

Applicable  Not applicable

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

**(2) Changes in important accounting estimates**

Applicable  Not applicable

**(3) Since 2020, adjustment of the relevant financial statements at current year beginning according to new standards for the new standards for revenues and the new standards for lease initially implemented from 2020**

Applicable  Not applicable

Is it necessary to adjust the balance sheet accounts at the beginning of the year

Yes  No

Unit: RMB

Item	31 December 2019	1 January 2020	Adjustment
Advances from customers	292,803,811		-292,803,811
Contract liabilities		292,803,811	292,803,811

Note: The finance ministry issued Accounting Standard For Business Enterprises no. 14 - revenue in July 2017. In accordance with the relevant provisions, enterprises that are listed both in domestic and abroad and enterprises that are listed abroad and prepare financial statements by adopting international financial reporting standards or accounting standards for business enterprises shall come into force as of January 1, 2018. Other domestic listed enterprises shall take effect as of January 1, 2020.

In accordance with the above provisions, the company shall implement the newly issued revenue criterion from January 1, 2020, and the payment for the original advance sales contract shall be reported in the "Advance from customers", and the payment shall be

reported in the "Contract liability" from January 1, 2020.

**(4) Since 2020, note to the retroactive adjustment of the previous comparative data according to the new standards for revenues and the new standards for lease initially implemented**

Applicable  Not applicable

**28. Others**

**(1) Safety production costs**

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 costs on following basis:

- (a) 4% for revenue below RMB10 million (inclusive) 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 costs are mainly used for the overhaul, renewal and maintenance of safety facilities. The safety production costs are charged to costs of related products or profit or loss when appropriated, and safety production costs 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.

**(2) 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: (a) the component is able to earn revenue and incur expenses from its ordinary activities; (b) 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 (c) 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.

**VI. Taxation**

**1. The main categories and rates of taxes**

Category	Taxable basis	Tax rate
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	3%-13%



	the current period)	
City maintenance and construction tax	VAT paid	1%-7%
Enterprise income tax	Taxable income	0%-25%
Educational surcharge	VAT paid	3%-5%

## 2. Tax incentives

The main tax incentives the Group is entitled to are as follows:

Tianjin CSG Energy-Saving Glass Co., Ltd. (“Tianjin Energy Conservation”) passed review on a high and new tech enterprise in 2018 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 2018.

Dongguan CSG Architectural Glass Co., Ltd. (“Dongguan CSG”) passed review on a high and new tech enterprise in 2019 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 2019.

Wujiang CSG East China Architectural Glass Co., Ltd. (“Wujiang CSG Engineering”) passed review on a high and new tech enterprise in 2017 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 2017.

Dongguan CSG Solar Glass Co., Ltd. (“Dongguan CSG Solar”) passed review on a high and new tech enterprise in 2017 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 2017.

Yichang CSG Polysilicon Co., Ltd. (“Yichang CSG Polysilicon”) passed review on a high and new tech enterprise in 2017 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 2017.

Dongguan CSG PV-tech Co., Ltd. (“Dongguan CSG PV-tech”) passed review on a high and new tech enterprise in 2019 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 2019.

Hebei Panel Glass Co., Ltd. (“Hebei Panel Glass”) passed review on a high and new tech enterprise in 2019 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 2019.

Wujiang CSG Glass Co., Ltd. (“Wujiang CSG”) passed review on a high and new tech enterprise in 2017, 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 2017.

Xianning CSG Glass Co., Ltd. (“Xianning CSG”) passed review on a high and new tech enterprise in 2017, 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 2017.

Xianning CSG Energy-Saving Glass Co., Ltd. (“Xianning CSG Energy-Saving”) passed review on a high and new tech enterprise in 2018, 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 2018.

Yichang CSG Photoelectric Glass Co., Ltd. (“Yichang CSG Photoelectric”) passed review on a high and new tech enterprise in 2018, 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 2018.

Qingyuan CSG New Energy-Saving Materials Co., Ltd. (“Qingyuan CSG Energy-Saving”) passed review on a high and new tech enterprise in 2019, 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 2019.

Hebei CSG Glass Co., Ltd. (“Hebei CSG”) was recognised as a high and new tech enterprise in 2018, 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 2018.

Shenzhen CSG Applied Technology Co., Ltd. (“Shenzhen Technology”) was recognised as a high and new tech enterprise in 2018, 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 2018.

Yichang CSG Display Co., Ltd (“Yichang CSG Displayer”) passed review on a high and new tech enterprise in 2018, 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 2018.

Xianning CSG Photoelectric Glass Co., Ltd. (“Xianning Photoelectric”) passed review on a high and new tech enterprise in 2019 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 2019.

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

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

Qingyuan CSG New Energy Co., Ltd. (“Qingyuan CSG New Energy”), Suzhou CSG PV Energy Co., Ltd. (“Suzhou CSG PV Energy”), Jiangsu Wujiang CSG New Energy Co., Ltd. (“Wujiang CSG New Energy”), and Yichang CSG New Energy Co., Ltd. (“Yichang CSG New Energy”), Zhangzhou CSG Kibing PV Energy Co., Ltd. (“Zhangzhou CSG”), Heyuan CSG Kibing PV Energy Co., Ltd. (“Heyuan CSG”), Shaoxing CSG Kibing PV Energy Co., Ltd. (“Shaoxing CSG”), Xianning CSG PV Energy Co., Ltd. (“Xianning CSG PV Energy”) and Zhanjiang CSG New Energy Co., Ltd. (“Zhanjiang CSG PV Energy”), are public infrastructure project specially supported by the state in accordance with the Article 87 in Implementing Regulations of the Law of

the People's Republic of China on Enterprise Income Tax, and can enjoy the tax preferential policy of “three-year exemptions and three-year halves”, that is, starting from the tax year when the first revenue from production and operation occurs, the enterprise income tax is exempted from the first to the third year, while half of the enterprise income tax is collected for the following three years.

### 3. Others

Some subsidiaries of the Group have used the “exempt, credit, refund” method on goods exported and the refund rate is 0%-13%.

## VII. Notes to the consolidated financial statements

### 1. Cash at bank and on hand

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Cash on hand	3,393	4,268
Cash at bank	2,891,652,578	1,781,830,762
Other cash balances	183,317,673	205,145,388
Total	3,074,973,644	1,986,980,418
Including: Total overseas deposits	35,025,997	40,403,719

Other cash balances include margin deposits for the issuance of bills and letter of credit from the bank, amounting to RMB 3,317,673 (Dec. 31, 2019: RMB 155,145,388), which is restricted cash.

### 2. Notes receivable

#### (1) Notes receivable listed by classification

Unit: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Trade acceptance notes	230,044,196	297,023,380
Total	230,044,196	297,023,380

**(2) By June 30, 2020, notes receivable which had been endorsed or discounted by the Group but are not yet due are as follows:**

Unit: RMB

Item	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Trade acceptance notes		74,315,442
Total		74,315,442

### 3. Accounts receivable

#### (1) Accounts receivable disclosed by category

Unit: RMB

Category	End of term					Beginning of term				
	Carrying amount		Provision for bad debts		Book value	Carrying amount		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion		Amount	Proportion	Amount	Proportion	
Provision for bad debts on the individual basis	15,443,934	2%	15,443,934	100%	0	15,306,177	2%	15,306,177	100%	0
Provision for bad debts by portfolio	797,041,090	98%	16,072,644	2%	780,968,446	662,934,109	98%	13,252,932	2%	649,681,177
<b>Total</b>	<b>812,485,024</b>	<b>100%</b>	<b>31,516,578</b>	<b>4%</b>	<b>780,968,446</b>	<b>678,240,286</b>	<b>100%</b>	<b>28,559,109</b>	<b>4%</b>	<b>649,681,177</b>

Provision for bad debts on the individual basis:

Unit: RMB

Name	Closing balance		
	Carrying amount	Provision for bad debts	Proportion
Provision for bad debts on the individual basis	15,443,934	15,443,934	100%
<b>Total</b>	<b>15,443,934</b>	<b>15,443,934</b>	<b>100%</b>

Provision for bad debts by portfolio

Unit: RMB

Name	Closing balance		
	Carrying amount	Provision for bad debts	Proportion
Portfolio 1	797,041,090	16,072,644	2%
<b>Total</b>	<b>797,041,090</b>	<b>16,072,644</b>	<b>2%</b>

As at 30 June 2020, the bad debts of receivables were RMB 15,443,934 (31 December 2019: RMB 15,306,177) that to be provided individually. It mainly represented the goods receivable due from a client of the subsidiary, Yichang CSG Displayer. Due to the client's bankruptcy, Yichang CSG Displayer made full provision against this receivable. It also represented the goods receivable due from a client of the subsidiary, Dongguan CSG PV-tech. Due to business dispute, Dongguan CSG PV-tech made full provision against this receivable.

Disclosure by the ageing of accounts receivable

Unit: RMB

Ageing	Closing balance
Within 1 year (including 1 year)	733,993,069
1 to 2 years	53,948,845
2 to 3 years	13,892,201
Over 3 years	10,650,909
3 to 4 years	3,557,525
4 to 5 years	7,093,384
<b>Total</b>	<b>812,485,024</b>

**(2) Provision for bad debts accrued, recovered or reversed in the current period**

Unit: RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Provision	Collect or reversal	Write-off	Others	
Accounts receivable bad debt provision	28,559,109	5,714,069	2,756,600			31,516,578
<b>Total</b>	<b>28,559,109</b>	<b>5,714,069</b>	<b>2,756,600</b>			<b>31,516,578</b>

**(3) Top 5 of the closing balance of the accounts receivable collected according to the arrears party**

Unit: RMB

Name	Closing balance of accounts receivable	Proportion in the total balance of accounts receivable at the end of the period	Ending balance of bad debt reserves
Total balances for the five largest accounts receivable	120,042,616	15%	2,400,853
<b>Total</b>	<b>120,042,616</b>	<b>15%</b>	<b>2,400,853</b>

**4. Receivables Financing**

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance notes	303,344,206	258,296,826
<b>Total</b>	<b>303,344,206</b>	<b>258,296,826</b>

**(1) As at 30 June 2020, receivables financing which have been endorsed or discounted by the Group but are not yet due are as follows:**

Unit: RMB

Item	Derecognised at the end of the period	Not derecognised at the end of the period
Bank acceptance notes	1,539,034,476	
Total	1,539,034,476	

## 5. Advances to suppliers

**(1) Listed by aging analysis**

Unit: RMB

Ageing	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
within 1 year	118,737,125	99%	76,048,960	97%
1 to 2 years	152,422		2,107,931	3%
2 to 3 years	719,471	1%	39,136	
over 3 years	36,035			
Total	119,645,053	100%	78,196,027	100%

As at June 30, 2020, advances to suppliers over 1 year with a carrying amount of RMB 907,928 (31 December 2019: RMB 2,147,067) were mainly prepaid to supplier for materials, which were not fully settled since the materials had not been received.

**(2) Top 5 of the closing balance of the advances to suppliers collected according to the target**

Unit: RMB

	Balance	Percentage in total advances to suppliers balance
Total balances for the five largest advances to suppliers	65,411,561	55%

## 6. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	201,571,781	202,854,864
Total	201,571,781	202,854,864

**(1) Other receivables**

**1) Classification of other receivables by nature**

Unit: RMB

Nature	Closing book balance	Opening book balance
Receivables from special fund for talent	171,000,000	171,000,000
Refundable deposits	10,070,032	11,767,626
Payments made on behalf of other parties	14,285,218	15,337,999
Petty cash	1,096,557	328,077
Advance payment (i)	11,688,142	11,710,142
Others	9,211,319	8,486,056
<b>Total</b>	<b>217,351,268</b>	<b>218,629,900</b>

(i) The subsidiaries of Yingde CBM Mining Co., Ltd. and Wujiang CSG Co., Ltd. mainly prepaid to supplier for materials. The prepayments accounts are transferred to other receivables and the provision of the bad debts was provided individually.

## 2) Withdrawal of bad debt provision

Unit: RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance on 1 January 2020	4,138,582		11,636,454	15,775,036
Balance on 1 January 2020 in current period	—	—	—	—
-- Transferred to the Phase II				
-- Transferred to the Phase III				
-- Transferred back to the Phase II				
-- Transferred back to the Phase I				
Withdrawal	257,778			257,778
Recovery	231,327		22,000	253,327
Write-off				
Verification				
Other changes				
<b>Balance on 30 June 2020</b>	<b>4,165,033</b>		<b>11,614,454</b>	<b>15,779,487</b>

Significant changes in book balance of loss reserve during the current period

Applicable  Not applicable

Disclosure by the ageing of other receivables

Unit: RMB

Ageing	Closing balance
Within 1 year (including 1 year)	6,961,148
1 to 2 years	10,188,123
2 to 3 years	4,349,434
Over 3 years	195,852,563
3 to 4 years	451,392
4 to 5 years	10,871,496
Over 5 years	184,529,675
<b>Total</b>	<b>217,351,268</b>

**3) Provision for bad debts withdrawn, recovered or reversed during the report period**

Provision for bad debts:

Unit: RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Provision	Collect or reversal	Write-off	Others	
Provision for bad debts of other receivables	15,775,036	257,778	253,327			15,779,487
<b>Total</b>	<b>15,775,036</b>	<b>257,778</b>	<b>253,327</b>			<b>15,779,487</b>

**4) Top 5 of the closing balance of the other accounts receivable collated according to the arrears party**

Unit: RMB

Name of Company	Nature of business	Closing balance	Ageing	Proportion in the total balance of other receivables at the end of the period	Closing balance of bad debt provision
Company A	Independent third party	171,000,000	Over 5 years	79%	3,420,000
Governmental department B	Independent third party	11,067,754	4 to 5 Years	5%	221,355
Company C	Independent third party	10,366,164	4 to 5 Years	5%	10,366,164
Company D	Independent third party	3,350,000	1 to 2 Years	2%	67,000
Company E	Independent third party	2,397,512	1 to 2 Years	1%	47,950
<b>Total</b>	--	<b>198,181,430</b>	--	<b>92%</b>	<b>14,122,469</b>



## 7. Inventories

### (1) Inventory classification

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Reserve for depreciation of inventory or impairment of contract performance cost	Book value	Carrying amount	Reserve for depreciation of inventory or impairment of contract performance cost	Book value
Raw materials	270,776,192	1,487,158	269,289,034	227,091,252	1,930,091	225,161,161
Products in process	22,532,829		22,532,829	31,568,189		31,568,189
Products in stock	705,280,634	45,143	705,235,491	521,700,720	3,873,252	517,827,468
Material in circulation	40,125,601	550,221	39,575,380	38,315,093	550,221	37,764,872
Total	1,038,715,256	2,082,522	1,036,632,734	818,675,254	6,353,564	812,321,690

### (2) Provision for decline in the value of inventories

Unit: RMB

Item	Opening balance	Increased in this term		Decreased in this term		Closing balance
		Provision	Others	Reversal or write off	Others	
Raw materials	1,930,091			442,933		1,487,158
Products in stock	3,873,252			3,828,109		45,143
Material in circulation	550,221					550,221
Total	6,353,564			4,271,042		2,082,522

## 8. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
VAT to be offset	125,977,050	110,370,231
Enterprise income tax prepaid	13,044,977	18,012,235
VAT input to be recognized	11,910,045	19,613,465
Entrusted loan		300,000,000
Others	230,675	

Total	151,162,747	447,995,931
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## 9. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	8,482,459,154	9,783,037,301
Total	8,482,459,154	9,783,037,301

### (1) Particulars of fixed assets

Unit: RMB

Item	Buildings	Machinery and equipment	Motor vehicles	Total
I. Original book value:				
1. Opening balance	3,900,630,113	11,813,659,817	222,517,407	15,936,807,337
2. Increased amount of the period				
(1) Acquisition	207,518	34,552,139	7,211,529	41,971,186
(2) Transfers from construction in progress	26,614,987	105,629,819	584,150	132,828,956
(3) Others	455,280	284,873	802	740,955
3. Decreased amount of the period				
(1) Disposal or retirement		16,418,845	2,097,736	18,516,581
(2) Others	151,851,665	1,333,423,890	861,005	1,486,136,560
4. Closing balance	3,776,056,233	10,604,283,913	227,355,147	14,607,695,293
II. Accumulative depreciation				
1. Opening balance	931,980,928	4,611,711,739	214,066,407	5,757,759,074
2. Increased amount of the period				
(1) Provision	59,548,593	361,387,999	9,081,210	430,017,802
3. Decreased amount of the period				
(1) Disposal or retirement		12,799,435	2,089,860	14,889,295
(2) Others	22,615,651	314,774,166	441,386	337,831,203
4. Closing balance	968,913,870	4,645,526,137	220,616,371	5,835,056,378
III. Depreciation reserves				
1. Opening balance	14,224,161	381,739,978	46,823	396,010,962
2. Increased amount of the period				
(1) Provision				

(2) Others				
3. Decreased amount of the period				
(1) Disposal or retirement		2,378,007		2,378,007
(2) Others		103,453,194		103,453,194
4. Closing balance	14,224,161	275,908,777	46,823	290,179,761
IV. Book value				
1. Closing book value	2,792,918,202	5,682,848,999	6,691,953	8,482,459,154
2. Opening book value	2,954,425,024	6,820,208,100	8,404,177	9,783,037,301

**(2) Fixed assets with pending certificates of ownership**

Unit: RMB

Item	Carrying amount	Reasons for not yet obtaining certificates of title
Buildings	698,738,711	Have submitted the required documents and are in the process of application, or the related land use right certificate pending

**10. Construction in process**

Unit: RMB

Item	Closing balance	Opening balance
Construction in process	3,116,834,966	1,902,140,035
Total	3,116,834,966	1,902,140,035

**(1) Particulars of construction in process**

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment loss	Book value	Book balance	Provision for impairment loss	Book value
Yichang CSG polysilicon tech-innovation project	1,535,667,571	375,097,200	1,160,570,371	1,532,811,638	375,097,200	1,157,714,438
Yichang large scale silicon block construction project	527,236,005	103,453,194	423,782,811			
Qingyuan New Materials Phase I technical transformation project	421,097,466		421,097,466			
Yichang display device company flat	386,459,678	14,160,474	372,299,204	366,268,866	14,160,474	352,108,392

panel display project						
Qingyuan CSG Ultra-clean electronic glass and ultra-white special glass production line construction project	305,403,338		305,403,338	88,706,261		88,706,261
Dongguan PV B Building 450MWPERC battery technology upgrade projec	202,018,364		202,018,364			
Dongguan Solar Glass Phase I and II improvement projects	78,970,995	40,248,018	38,722,977	78,970,995	40,248,018	38,722,977
Wujiang float Environmental reforming project	10,842,871		10,842,871	10,281,838		10,281,838
LED Sapphire Substrate Project	32,420,412	32,420,412		32,420,412	32,420,412	
Dongguan Solar New PV Tech Glass Processing Project	4,901,694		4,901,694	4,727,020		4,727,020
Zhaoqing CSG high grade energy saving glass production line project	4,354,015		4,354,015			
Zhaoqing CSG high grade automobile glass production line project	3,822,191		3,822,191			
Dongguan PV A Building 300MWPERC battery technology upgrade project	3,735,197		3,735,197	67,981,191		67,981,191
Anhui Lightweight &high-permeability panel for solar energy equipment manufacturing base project	1,569,295		1,569,295			
Anhui Fengyang quartz sand project	78,489		78,489			
Qingyuan quartz material processing line				34,172,703		34,172,703
Others	164,042,666	405,983	163,636,683	148,131,198	405,983	147,725,215
Total	3,682,620,247	565,785,281	3,116,834,966	2,364,472,122	462,332,087	1,902,140,035

## (2) Construction in process in current period

Unit: RMB

Project	Budget	Opening balance	Increased this term	Transfer to fixed assets in this term	Closing balance	Proportion between engineering input and budget	Progress	Projects	Accumulated amount of interest capitalization	Including: amount interest capitalization in current period	Interest capitalization rate in current period	Fund recourse
Yichang CSG polysilicon tech-innovation project	49,520,000	1,532,811,638	2,855,933			1,535,667,571	98%	100%				Internal fund and bank loan
Yichang large scale silicon block construction project	29,010,000		527,436,978		200,973	527,236,005	15%	30%				Internal fund and bank loan
Qingyuan New Materials Phase I technical transformation project	217,690,000		421,097,466			421,097,466	1%	1%				Internal fund and bank loan
Yichang display device company flat panel display project	1,970,000,000	366,268,866	20,844,397	626,202	27,383	386,459,678	90%	91%	12,611,762	1,051,620	4.10%	Internal fund and bank loan
Qingyuan CSG Ultra-clean electronic glass and ultra-white special glass production line construction project	785,000,000	88,706,261	216,697,077			305,403,338	39%	65%	5,896,716	3,720,018	5.23%	Internal fund and bank loan
Dongguan PV B Building 450MW PERC battery	100,990,000		202,220,467		202,103	202,018,364	1%	1%				Internal fund and bank loan

technology upgrade projec												
Dongguan Solar Glass Phase I and II improvement projects	396,410,000	78,970,995				78,970,995	80%	81%				Internal fund
Wujiang float Environmental reforming project	50,300,000	10,281,838	561,033			10,842,871	58%	99%				Internal fund
LED Sapphire Substrate Project	35,000,000	32,420,412				32,420,412	93%	93%	4,650,543			Internal fund and bank loan
Dongguan Solar New PV Tech Glass Processing Project	60,000,000	4,727,020	174,674			4,901,694	97%	100%				Internal fund
Zhaoqing CSG high grade energy saving glass production line project	500,000,000		4,354,015			4,354,015	1%	1%				Internal fund and bank loan
Zhaoqing CSG high grade automobile glass production line project	609,830,000		3,822,191			3,822,191	1%	1%				Internal fund and bank loan
Dongguan PV A Building 300MWPERC battery technology upgrade project	67,180,000	67,981,191		58,543,224	5,702,770	3,735,197	100%	100%	1,071,313	162,542	3.72%	Internal fund and bank loan
Anhui Lightweight & high-permeability panel for solar energy equipment manufacturing base project	3,739,020,000		1,569,295			1,569,295		1%				Internal fund, private placement and bank loan

Anhui Fengyang quartz sand project	739,990,000		78,489			78,489		1%				Internal fund and bank loan
Qingyuan quartz material processing line	36,478,048	34,172,703		31,773,011	2,399,692		98%	99%				Internal fund and bank loan
Others	698,449,399	148,131,198	59,742,696	41,886,519	1,944,709	164,042,666			295,421	20,020		Internal fund and bank loan
Total	10,084,867,447	2,364,472,122	1,461,454,711	132,828,956	10,477,630	3,682,620,247	--	--	24,525,755	4,954,200		--

## 11. Intangible assets

### (1) Particulars of intangible assets

Unit: RMB

Item	Land use rights	Patents	Exploitation rights	Others	Total
I. Original book value:					
1. Opening balance	1,026,603,700	346,510,092	4,456,536	39,486,039	1,417,056,367
2. Increased amount of this period					
(1) Acquisition	87,344,000			2,195,526	89,539,526
(2) Internal R&D		134,119			134,119
(3) Increase in business combination					
3. Decreased amount of the period					
(1) Disposal					
4. Closing balance	1,113,947,700	346,644,211	4,456,536	41,681,565	1,506,730,012
II. Accumulated amortization					
1. Opening balance	191,426,527	128,437,706	4,456,536	34,698,831	359,019,600
2. Increased amount of this period					
(1) Provision	10,630,998	14,968,785		1,314,674	26,914,457
3. Decreased amount of the period					
(1) Disposal					
4. Closing balance	202,057,525	143,406,491	4,456,536	36,013,505	385,934,057
III. Impairment provision					
1. Opening balance		13,201,347		9,133	13,210,480
2. Increased amount of this period					
(1) Provision					
3. Decreased amount of this period					
(1) Disposal					



4. Closing balance		13,201,347		9,133	13,210,480
IV. Book value					
1. Closing book value	911,890,175	190,036,373		5,658,927	1,107,585,475
2. Opening book value	835,177,173	204,871,039		4,778,075	1,044,826,287

At the end of the period, the intangible assets arising from internal research and development accounted for 16.97% of total of intangible assets.

## (2) Land use rights without property right certificates

Unit: RMB

Item	Book value	Reason for not yet obtaining certificates of title
Land use rights	5,145,623	

As at June 30, 2020, ownership certificates of land use right (“Land ownership Certificates”) for certain land use rights of the Group with carrying amounts of approximately RMB 5,145,623 (cost: RMB 6,685,352) had not yet been obtained by the Group (as at December 31, 2019, carrying amount: RMB 4,983,945, cost: RMB 6,586,712). The Company’s management is 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.

## 12. Development expenditure

Unit: RMB

Item	Opening balance	The increased amount in the period			The decrease amount in the period			Closing balance
		Internal development expenditure	Others		Recognised as intangible assets	Transfer to current profit and loss		
Development expenditure	85,240,356	24,206,452			134,119			109,312,689
Total	85,240,356	24,206,452			134,119			109,312,689

During Jan.-Jun. 2020, the total amount of research and development expenditures of the Group was RMB 169,270,099 (Jan.-Jun. 2019: RMB 190,082,381), including RMB 145,063,647 (Jan.-Jun. 2019: RMB 174,276,136) recorded in income statement for current period and the research and development expenditure with the amount of RMB 134,119 recognised as intangible assets for the current period (Jan.-Jun. 2019: 19,782,076). At June 30, 2020, the intangible assets arising from internal research and development accounted for 16.97% of total of intangible assets (31 December 2019: 18.03%).

## 13. Goodwill

### (1) Book value of goodwill

Unit: RMB

Name of the companies or goodwill item	Opening balance	Increased this term	Decreased this term	Closing balance
Tianjin CSG Energy-Saving Glass Co., Ltd.	3,039,946			3,039,946
Xianning CSG Photoelectric	4,857,406			4,857,406
Shenzhen CSG Display	389,494,804			389,494,804
Total	397,392,156			397,392,156

**(2) Goodwill impairment provision**

Unit: RMB

Name of the companies or goodwill item	Opening balance	Increased this term	Decreased this term	Closing balance
		Provision	Disposal	
Shenzhen CSG Displayer	82,294,400			82,294,400
Total	82,294,400			82,294,400

**14. Long-term prepaid expenses**

Unit: RMB

Item	Opening balance	Increased this term	Amortized this term	Closing balance
Expenses to be amortized	11,351,431	581,194	821,736	11,110,889
Total	11,351,431	581,194	821,736	11,110,889

**15. Deferred income tax assets/deferred income tax liabilities****(1) Unoffset deferred income tax assets**

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for asset impairments	861,194,739	131,770,639	864,645,227	131,772,057
Deductible loss	592,014,209	95,895,112	497,964,481	83,129,146
Government grants	174,198,153	26,129,723	182,452,278	27,367,842
Accrued expenses	27,656,502	4,148,475	30,032,597	4,504,890
Depreciation of fixed assets	19,298,252	2,897,298	19,790,300	2,968,545

Total	1,674,361,855	260,841,247	1,594,884,883	249,742,480
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**(2) Unoffset deferred income tax liabilities**

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Depreciation of fixed assets	485,789,467	74,369,021	494,317,001	74,147,550
Total	485,789,467	74,369,021	494,317,001	74,147,550

**(3) The net balances of deferred tax assets or liabilities**

Unit: RMB

Item	Off-set amount of deferred income tax assets and liabilities at the period-end	Closing balance of deferred income tax assets or liabilities after off-set	Off-set amount of deferred income tax assets and liabilities at the period-beginning	Opening balance of deferred income tax assets or liabilities after off-set
Deferred tax assets	41,410,795	219,430,452	43,949,893	205,792,587
Deferred tax liabilities	41,410,795	32,958,226	43,949,893	30,197,657

**(4) Details of unrecognised deferred income tax assets**

Unit: RMB

Item	Closing balance	Opening balance
Deductible losses	719,769,842	613,806,990
Total	719,769,842	613,806,990

**(5) Deductible losses of unrecognized deferred income tax assets will due the following years**

Unit: RMB

Year	Closing balance	Opening balance	Note
2020	94,430,197	94,430,197	
2021	111,625,585	111,625,585	
2022	83,303,539	83,303,539	
2023	146,238,837	146,238,837	
2024	178,208,832	178,208,832	
2025	105,962,852		

Total	719,769,842	613,806,990
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## 16. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Prepayment of engineering equipment	97,628,519		97,628,519	88,489,893		88,489,893
Prepayment for lease of land use rights	6,510,000		6,510,000	31,910,000		31,910,000
Total	104,138,519		104,138,519	120,399,893		120,399,893

## 17. Short-term loans

### (1) Short-term loan classification

Unit: RMB

Item	Closing balance	Opening balance
Mortgage loan	10,000,000	10,000,000
Guaranteed loan	576,423,055	543,969,137
Unsecured loan	718,000,000	1,687,000,000
Ultra short-term financing bills	300,000,000	
Total	1,604,423,055	2,240,969,137

(i) On June 30, 2020, the Company provided guarantees for short-term loans of RMB 576,423,055 (31 December 2019: RMB 543,969,137). There was no counter-guarantee provided by the minority shareholders of the subsidiary to the Company (31 December 2019: Nil).

## 18. Notes payable

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptance notes	187,639,865	232,063,968
Total	187,639,865	232,063,968

## 19. Accounts payable

### (1) Particulars of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Materials payable	855,846,830	728,499,891
Equipment payable	164,444,946	174,902,946
Construction expenses payable	125,197,391	93,584,879
Freight payable	73,675,926	68,149,272
Utilities payable	42,512,406	28,835,685
Others	6,203,556	6,559,106
<b>Total</b>	<b>1,267,881,055</b>	<b>1,100,531,779</b>

## (2) Significant accounts payable due for over one year

Unit: RMB

Item	Closing balance	Unpaid reason
Construction and equipments	178,218,319	As the construction work had not passed the final acceptance test yet, the balance was not yet settled.
<b>Total</b>	<b>178,218,319</b>	--

## 20. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Contract liabilities	269,082,855	
<b>Total</b>	<b>269,082,855</b>	

## 21. Employee benefits payable

### (1) List of employee benefits payable

Unit: RMB

Item	Opening balance	Increased this term	Decreased this term	Closing balance
I. Short-term employee benefits payable	337,855,741	636,638,977	759,536,886	214,957,832
II. Welfare after departure-defined contribution plans	10,505	20,924,069	16,390,997	4,543,577
III. Termination benefits		18,479,127	7,123,660	11,355,467
<b>Total</b>	<b>337,866,246</b>	<b>676,042,173</b>	<b>783,051,543</b>	<b>230,856,876</b>

**(2) List of short-term employee benefits**

Unit: RMB

Item	Opening balance	Increased this term	Decreased this term	Closing balance
1. Wages and salaries, bonuses, allowances and subsidies	317,472,525	597,408,203	728,582,110	186,298,618
2. Social security contributions	5,447	14,662,344	12,728,870	1,938,921
Including: Medical insurance	4,834	13,257,165	11,556,846	1,705,153
Work injury insurance	234	307,922	274,294	33,862
Maternity insurance	379	1,097,257	897,730	199,906
3. Housing funds	2,156,229	17,470,672	12,416,687	7,210,214
4. Labour union funds and employee education funds	18,221,540	7,097,758	5,809,219	19,510,079
<b>Total</b>	<b>337,855,741</b>	<b>636,638,977</b>	<b>759,536,886</b>	<b>214,957,832</b>

**(3) List of defined contribution plans**

Unit: RMB

Item	Opening balance	Increased this term	Decreased this term	Closing balance
1. Basic pensions	10,401	20,142,273	15,773,620	4,379,054
2. Unemployment insurance	104	781,796	617,377	164,523
<b>Total</b>	<b>10,505</b>	<b>20,924,069</b>	<b>16,390,997</b>	<b>4,543,577</b>

**22. Tax payable**

Unit: RMB

Item	Closing balance	Opening balance
Value-added-tax payable	46,232,466	45,587,584
Corporate income tax payable	66,981,225	49,932,889
Individual income tax payable	2,557,384	5,451,521
City maintenance and construction tax	3,332,449	3,629,966
Property tax	8,456,536	4,270,528
Education surcharge	2,716,684	2,726,651
Environmental tax payable	1,947,086	1,712,052
Others	3,417,503	2,113,853
<b>Total</b>	<b>135,641,333</b>	<b>115,425,044</b>

**23. Other payables**

Unit: RMB

Item	Closing balance	Opening balance
Interest payable	108,653,849	73,251,086
Dividend payable		2,985,563
Other payables	162,047,977	275,138,126
<b>Total</b>	<b>270,701,826</b>	<b>351,374,775</b>

**(1) Interest payable**

Unit: RMB

Item	Closing balance	Opening balance
Interest payable for long-term borrowings and medium-term notes	68,592,227	66,701,561
Interest payable for corporate bonds	32,333,333	
Interest payable for short-term borrowings	3,528,289	6,549,525
Interest payable for ultra short-term financing bills	4,200,000	
<b>Total</b>	<b>108,653,849</b>	<b>73,251,086</b>

**(2) Dividends payable**

Unit: RMB

Item	Closing balance	Opening balance
Restricted shares dividend		2,985,563
<b>Total</b>		<b>2,985,563</b>

**(3) Other payables****1) Listing other payables by nature of the payment**

Unit: RMB

Item	Closing balance	Opening balance
Guarantee deposits received from construction contractors	76,123,502	75,417,942
Accrued cost of sales	44,046,421	43,270,188
Payable for contracted labour costs	17,091,373	17,947,192
Temporary receipts	15,895,634	12,276,662

Deposit for disabled	6,016,454	4,735,246
Restricted share repurchases obligation		118,066,397
Others	2,874,593	3,424,499
<b>Total</b>	<b>162,047,977</b>	<b>275,138,126</b>

#### 24. Current portion of non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Current portion of long-term borrowings	25,350,000	125,475,000
Current portion of finance lease	67,489,388	386,981,928
Medium term notes due within 1 year	2,000,000,000	1,200,000,000
<b>Total</b>	<b>2,092,839,388</b>	<b>1,712,456,928</b>

#### 25. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Others	300,000	300,000
<b>Total</b>	<b>300,000</b>	<b>300,000</b>

#### 26. Long-term borrowings

##### (1) Long-term loan classification

Unit: RMB

Item	Closing balance	Opening balance
Guaranteed	175,200,269	190,225,000
Unsecured	500,000,000	330,000,000
Medium term notes		800,000,000
<b>Total</b>	<b>675,200,269</b>	<b>1,320,225,000</b>

As at 30 June 2020, the interest of long-term borrowings varied from 4.60%-4.75% (31 December 2019: 4.70%-7%).

#### 27. Bonds payable

##### (1) Bonds payable

Unit: RMB

Item	Closing balance	Opening balance
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Bonds payable	1,991,652,870	
Total	1,991,652,870	

On February 24, 2020, the Company held the eighth meeting of the Eighth Board of Directors and the eighth meeting of the Eighth Board of Supervisors, which deliberated and approved the Proposal on the Public Issuance of Corporate Bonds to Qualified Investors, and was deliberated and approved by the First Extraordinary General Meeting of Shareholders of 2020 on March 12, 2020. Public issuance of corporate bonds with a total face value of no more than RMB 2 billion was approved by China Securities Regulatory Commission " ZJXX [2019] No. 1140". On March 24, 2020 and March 25, 2020, the Company issued 3-year corporate bonds with an annual interest rate of 6%.

## (2) Increase or decrease of bonds payable (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)

Unit: RMB

Name	Face value	Issue date	Term	Amount of issue	Opening balance	Issue in the period	Interest accrued at face value	Amortization of premium and discount	Current repayment	Closing balance
20 CSG 01	100	2020-3-24 to 2020-3-25	3 years	2,000,000,000		2,000,000,000	32,333,333	8,347,130	0	1,991,652,870
Total	--	--	--	2,000,000,000		2,000,000,000	32,333,333	8,347,130	0	1,991,652,870

## 28. Long-term account payable

Unit: RMB

Item	Closing balance	Opening balance
Long-term account payable	53,006,500	87,240,529
Total	53,006,500	87,240,529

### (1) List of Long-term account payable by nature

Unit: RMB

Item	Closing balance	Opening balance
Financial lease	53,006,500	87,240,529

The sale and leaseback lease of the group in this phase is a mortgage loan with a lease term of 36 months. On June 30, 2020, the real interest rate of financing lease loans is 4.60%-5.23%.

## 29. Deferred income

Unit: RMB

Item	Opening balance	Increase in current period	decrease in current period	Closing balance	Reason
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Government grants	513,925,557	3,000,000	17,118,391	499,807,166	
Total	513,925,557	3,000,000	17,118,391	499,807,166	--

Projects involving government subsidies:

Unit: RMB

Item in debt	Opening balance	Increase in current period	Included in non-business income	Account to other income in this period	Amount of cost and expense written down in current period	Other changes	Closing balance	Related to assets or income
Tianjin CSG Golden Sun Project (i)	46,967,335			1,687,446			45,279,889	Assets related
Dongguan CSG Golden Sun Project (ii)	37,826,250			1,375,500			36,450,750	Assets related
Hebei CSG Golden Sun Project (iii)	38,500,000			1,375,000			37,125,000	Assets related
Xianning CSG Golden Sun Project (iv)	41,921,917			1,515,250			40,406,667	Assets related
Infrastructure compensation for Wujiang CSG Glass Co., Ltd (v)	31,545,822			2,020,769			29,525,053	Assets related
Qingyuan Energy-saving project (vi)	15,849,167			1,035,365			14,813,802	Assets related
Yichang Silicon products project (vii)	16,171,875			1,406,250			14,765,625	Assets related
Yichang CSG silicon slice auxiliary project (viii)	15,275,961			560,194			14,715,767	Assets related
Sichuan energy-saving glass project (ix)	7,167,420			827,010			6,340,410	Assets related
Group coating film experimental project (x)	3,758,760			931,190			2,827,570	Assets related
Yichang CSG Display project (xi)	45,767,648			1,267,240			44,500,408	Assets related

Xianning Photoelectric project (xii)	7,280,000			260,000			7,020,000	Assets related
Group talent fund project (xiii)	171,000,000						171,000,000	Income related
Others	34,893,402	3,000,000		2,857,177			35,036,225	Assets and income related
Total	513,925,557	3,000,000		17,118,391			499,807,166	

Other statement:

(i)The allowance was granted by Tianjin Municipal Government. The allowance was used for establishing PV power station by Tianjin CSG Energy-Saving Glass Co., Ltd. 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. 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 CSG"). 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. 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 allowance will be credited to income statement in 10 years, the useful life of the production line.

(vii)The balance represented amounts granted to Yichang CSG polysilicon Co., Ltd. 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 polysilicon is entitled to the ownership of the facilities, which will be amortised by 16 years according to the useful life of the converting station.

(viii) It represented the government supporting fund obtained by Yichang polysilicon 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 16 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)It represented the funds granted by Yichang Municipal Government for Yichang CSG Display Company's flat project construction support funds and construction of coil coating three-line project. The grant will be amortised and credited to income statement by 15 years.

(xii) It represented the funds granted by Xianning Government of the Project supporting fund for photoconductive glass production line, which is used to pay for Xianning CSG Glass Co., Ltd. constructing the project of photoelectric optical glass production line. After the completion of the production line, the ownership belongs to Xianning photoelectric. The allowance will be credited to income statement in 8 years, the useful life of the production line.

(xiii)The allowance was granted by Administrative Commission of Yichang High-tech Industrial Development Zone. For senior management personnel, engineering technical personnel and senior professional technical team which is working at Yichang or plane to introduction, fund of RMB171 million was set up, as a special fund for talent introduction and housing resettlement.

### 30. Share Capital

Unit: RMB

	Opening balance	Changed in the report period (+,-)					Closing balance
		New issues	Bonus issue	Transferred from reserves	Others	Sub-total	
Total of capital shares	3,106,915,005				-36,222,898	-36,222,898	3,070,692,107

### 31. Capital surplus

Unit: RMB

Item	Opening balance	Increased this term	Decreased this term	Closing balance
Capital premium (Share premium)	738,834,850		86,222,273	652,612,577
Other capital surplus	-55,615,492			-55,615,492
Total	683,219,358		86,222,273	596,997,085

On April 28, 2020, the Company held the 11th Meeting of the Eighth Board of Directors and the 11th Meeting of the Eighth Board of Supervisors, which reviewed and approved the Proposal on Repurchase and Cancellation of Part of Restricted Stocks of Restricted Stock Incentive Plan and the Proposal on Repurchase and Cancellation of Restricted Stocks that Had Not Reached the Unlocking Condition of the Third Unlock Period, and agreed to repurchase and cancel the total of 909,936 shares of all restricted stocks held by 14 unqualified original incentives, as well as the total of 35,312,962 shares of 451 incentive objects that did not meet the unlocking conditions of the third unlock period. The independent directors of the Company issued a consent opinion. And on May 21, 2020, the proposals were approved by the 2019 Annual General Meeting of Shareholders. As of June 16, 2020, the Company had completed

the cancellation procedures for the above-mentioned restricted stocks in Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

### 32. Treasury shares

Unit: RMB

Item	Opening balance	Increased this term	Decreased this term	Closing balance
Obligations of restricted share buybacks(i)	118,066,397		118,066,397	
Total	118,066,397		118,066,397	

The Company calculated the amount determined based on the number of restricted shares issued and the corresponding repurchase price, and confirmed the liabilities and treasury shares. The decrease in treasury shares was mainly due to the repurchase of the restricted shares during the report period.

### 33. Other comprehensive income

Unit: RMB

Item	Opening balance	Occuring in current period						Closing balance
		Amount incurred before income tax	Less: Amount transferred into profit and loss in the current period that recognized into other comprehensive income in prior period	Less: Amount transferred into retained earnings in the current period that recognized into other comprehensive income in prior period	Less: income tax expense	After-tax attribute to the parent company	After-tax attribute to minority shareholder	
I. Other comprehensive income items which can not be reclassified to profit or loss								
II. Other comprehensive income items which will be reclassified to profit or loss	6,565,864	1,366,772				1,366,772		7,932,636
Differences on translation of foreign currency financial statements	4,015,864	1,366,772				1,366,772		5,382,636
Finance incentives for	2,550,000							2,550,000

energy and technical transformation								
Total of other comprehensive income	6,565,864	1,366,772				1,366,772		7,932,636

### 34. Special reserves

Unit: RMB

Item	Opening balance	Increased this term	Decreased this term	Closing balance
Safety production cost	11,102,921		436,183	10,666,738
Total	11,102,921		436,183	10,666,738

### 35. Surplus reserves

Unit: RMB

Item	Beginning of term	Increased this term	Decreased this term	End of term
Statutory surplus reserve	818,398,718			818,398,718
Discretionary surplus reserve	127,852,568			127,852,568
Total	946,251,286			946,251,286

### 36. Undistributed profits

Unit: RMB

Item	The current period	The same period of last year
Retained earnings at the end of the previous term before adjustment	4,859,600,841	4,486,264,723
Retained earnings at the beginning of this term after adjustment	4,859,600,841	4,486,264,723
Add: net profits belonging to equity holders of the Company	391,466,723	377,342,401
Less: Appropriations to statutory surplus reserve		
Common stock dividends payable	211,962,885	141,207,035
Retained earnings in the end	5,039,104,679	4,722,400,089

### 37. Revenue and cost of sales

Unit: RMB

Item	Occurred in current term		Occurred in previous term	
	Revenue	Cost	Revenue	Cost

Revenue from main operations	4,384,952,565	3,156,673,458	4,850,355,669	3,668,177,768
Revenue from other operations	39,268,784	2,893,573	37,881,909	3,199,057
Total	4,424,221,349	3,159,567,031	4,888,237,578	3,671,376,825

### 38. Tax and surcharge

Unit: RMB

Item	Occurred in current term	Occurred in previous term
City maintenance and construction tax	13,417,822	15,651,946
Educational surcharge	11,582,943	13,026,844
Housing property tax	14,336,199	15,524,671
Land use rights	6,477,593	6,750,190
Environmental protection tax	3,590,774	4,518,549
Others	2,933,061	1,215,797
Total	52,338,392	56,687,997

### 39. Sales Expenses

Unit: RMB

Item	Occurred in current term	Occurred in previous term
Freight expenses	68,005,806	76,898,158
Employee benefits	65,900,124	66,858,153
Entertainment expenses	5,966,150	7,648,722
Business travel expenses	2,646,504	5,382,042
Vehicle use fee	3,267,556	3,898,844
Rental expenses	3,280,632	3,374,917
Depreciation expenses	464,897	446,163
Others	12,107,865	7,996,400
Total	161,639,534	172,503,399

### 40. Administrative Expenses

Unit: RMB

Item	Occurred in current term	Occurred in previous term
Employee benefits	154,039,065	168,542,149
Depreciation expenses	30,983,197	32,466,946

Amortization of intangible assets	26,914,457	26,121,476
General office expenses	11,476,149	9,380,061
Labour union funds	7,058,240	7,121,128
Entertainment fees	4,133,275	5,308,266
Business travel expenses	1,800,471	4,513,036
Utility fees	2,887,017	3,597,714
Vehicle use fee	2,011,558	2,421,233
Consulting advisers	7,668,560	15,564,251
Factory shutdown losses	42,910,507	
Others	25,536,911	17,826,095
<b>Total</b>	<b>317,419,407</b>	<b>292,862,355</b>

#### 41. Research and development expenses

Unit: RMB

Item	Occurred in current term	Occurred in previous term
Research and development expenses	145,063,647	174,276,136
<b>Total</b>	<b>145,063,647</b>	<b>174,276,136</b>

#### 42. Finance Expenses

Unit: RMB

Item	Occurred in current term	Occurred in previous term
Interest on borrowings	157,133,164	175,240,871
Less: Capitalised interest	4,954,200	4,209,266
Interest expenses	152,178,964	171,031,605
Less: Interest income	24,931,363	14,923,375
Exchange losses	-499,379	-1,574,396
Others	4,994,975	4,533,025
<b>Total</b>	<b>131,743,197</b>	<b>159,066,859</b>

#### 43. Other income

Unit: RMB

Source of other gains	Occurred in current term	Occurred in previous term
Government subsidy amortization	17,118,391	76,730,356
Industry support funds	3,698,000	14,640,420



Government incentive funds	13,973,402	6,133,101
Research grants	5,613,820	3,859,699
Others	7,605,713	6,391,837
<b>Total</b>	<b>48,009,326</b>	<b>107,755,413</b>

#### 44. Credit impairment losses

Unit: RMB

Item	Occurred in current term	Occurred in previous term
Losses on bad debts of other receivables	4,451	
Losses on bad debts of accounts receivable	2,957,469	
<b>Total</b>	<b>2,961,920</b>	

#### 45. Asset impairment losses

Unit: RMB

Item	Occurred in current term	Occurred in previous term
I. Bad debt loss		3,765,670
II. Decline in the value of inventories	-154,053	
<b>Total</b>	<b>-154,053</b>	<b>3,765,670</b>

#### 46. Asset disposal income

Unit: RMB

Source of income from assets disposal	Occurred in current term	Occurred in previous term
Gains on disposal of assets	-342,005	370,969

#### 47. Non-operating income

Unit: RMB

Item	Occurred in current term	Occurred in previous term	Amount of non-recurring gain and loss included in the report period
Government subsidy	100,000		100,000
Compensation income	580,519	2,723,039	580,519
Amounts unable to pay	876,291	353,473	876,291
Others	661,321	589,803	661,321
<b>Total</b>	<b>2,218,131</b>	<b>3,666,315</b>	<b>2,218,131</b>

Government subsidies included in current profit and loss:

Unit: RMB

Subsidy projects	Subsidy payer	Reasons for subsidy	Type	Affect the profit and loss of the current year or not	Special subsidy or not	Occurred in current term	Occurred in previous term	Asset related / income related
Epidemic prevention subsidy	Shenzhen Luohu District Bureau of industry and information technology	Subsidy	Epidemic prevention subsidy	No	No	100,000	0	Income related

**48. Non-operating expenses**

Unit: RMB

Item	Occurred in current term	Occurred in previous term	Amount of non-recurring gain and loss included in the report period
Donation	17,496,945	1,565,000	17,496,945
Compensation	20,600	4,077,304	20,600
Others	18,008	650,923	18,008
Total	17,535,553	6,293,227	17,535,553

**49. Income tax expenses****(1) List of income tax expenses**

Unit: RMB

Item	Occurred in current term	Occurred in previous term
Current income tax expenses	94,992,504	68,977,764
Deferred income tax expenses	-10,877,296	7,480,976
Total	84,115,208	76,458,740

**(2) Adjustment process of accounting profit and income tax expense**

Unit: RMB

Item	Occurred in current term
Total profit	485,992,173
Current income tax expense accounted by tax and relevant regulations	67,999,384
Costs, expenses and losses not deductible for tax purposes	387,278
Impact on the use of deductible loss of deferred income tax assets not	-966,760

recognized in previous period	
Influence of deductible temporary difference or deductible losses of unrecognized deferred income tax assets	26,490,713
Balance the previous year income tax adjustment	-6,388,091
Impact of tax incentives	-3,407,316
Income tax expenses	84,115,208

## 50. Other comprehensive income

See the note for details.

## 51. Items of the cash flow statement

### (1) Other cash received related to operating activities

Unit: RMB

Item	Occurred in current term	Occurred in previous term
Interest income	24,931,363	14,923,375
Government grant	33,990,935	42,825,057
Others	10,774,006	11,580,256
Total	69,696,304	69,328,688

### (2) Other cash paid related to operating activities

Unit: RMB

Item	Occurred in current term	Occurred in previous term
Freight expenses	74,815,811	89,770,136
General office expenses	17,610,516	16,108,811
Business travel expenses	6,371,021	12,052,639
Entertainment fees	10,976,482	13,964,607
Vehicle use fee	5,738,312	6,995,143
Commission	4,994,975	4,533,025
Insurance	9,758,524	9,534,154
Research and development expenses	15,358,169	16,850,014
Maintenance fee	10,630,309	14,530,543
Rental expenses	7,252,265	5,861,795
Consulting fees	5,151,892	10,062,588
Others	111,215,442	114,284,452

Total	279,873,718	314,547,907
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**(3) Other cash received related to investment activities**

Unit: RMB

Item	Occurred in current term	Occurred in previous term
Deposit	198,380	5,471,303
Income from trial production of construction in progress	27,868,724	30,851,703
Recovery of investment funds	300,000,000	
Total	328,067,104	36,323,006

**(4) Other cash paid related to investment activities**

Unit: RMB

Item	Occurred in current term	Occurred in previous term
Trial production expenditure in construction	21,848,237	44,089,887
Total	21,848,237	44,089,887

**(5) Other cash received related to financing activities**

Unit: RMB

Item	Occurred in current term	Occurred in previous term
Income from financing leases		200,000,000
Collect entrusted loan		300,000,000
Collection of income tax of dividends of A-share & B-share		154,376
Deposit	298,227	
Total	298,227	500,154,376

**(6) Other cash paid related to financing activities**

Unit: RMB

Item	Occurred in current term	Occurred in previous term
Repay financing leases	357,808,728	515,199,702
Equity incentive repurchase payment	122,445,171	139,978,039
Payment for deposit and margin		147,843,719
Payment formargin and fees of loansandbills	3,050,301	5,746,178
Pay individual income tax on dividends of A and B shares	53,939	
Total	483,358,139	808,767,638

**52. Supplement information to the cash flow statement****(1) Supplement information to the cash flow statement**

Unit: RMB

Supplementary Info.	Amount of this term	Amount of last term
1. Reconciliation from net profit to cash flows from operating activities	--	--
Net profit	401,876,965	386,739,067
Add: Provisions for assets impairment	-154,053	3,765,670
Credit impairment loss	2,961,920	
Depreciation of fixed assets	430,017,802	445,268,018
Amortization of intangible assets	26,914,457	26,121,476
Amortization of long-term prepaid expenses	821,736	881,546
Losses on disposal of fixed assets intangible assets and other long-term assets (" "for gains)	342,005	-370,969
Finance expenses (" "for gains)	152,178,964	171,031,605
Decrease in deferred tax assets (" "for increase)	-13,637,865	-2,206,249
Increase of deferred income tax liability (" "for decrease)	2,760,569	9,687,225
Decrease of inventory (" "for increase)	-220,040,002	-133,241,843
Decrease of operational receivable items (" "for increase)	-154,063,031	-157,088,345
Increase of operational payable items (" "for decrease)	150,101,105	1,853,269
Others	-436,183	15,541,995
Net cash flow generated by business operation	779,644,389	767,982,465
2. Significant investment and financing activities that do not involve cash receipts and payments:	--	--
3. Net change of cash and cash equivalents	--	--
Balance of cash at period end	3,071,655,971	1,744,240,866
Less: Initial balance of cash	1,831,835,030	2,225,126,913
Net increasing of cash and cash equivalents	1,239,820,941	-480,886,047

**(2) Formation of cash and cash equivalents**

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	3,071,655,971	1,831,835,030
Incl: Cash on hand	3,393	4,268
Bank deposits that can be readily drawn on demand	2,891,652,578	1,781,830,762

Other cash balances that can be readily drawn on demand	180,000,000	50,000,000
II. Balance of cash and cash equivalents at the end of the period	3,071,655,971	1,831,835,030

### 53. Notes to items in statement of changes in owner's equity

Applicable  Not applicable

### 54. Assets with restricted ownership or use rights

Unit: RMB

Item	Ending book value	Reason for restriction
Monetary assets	3,317,673	Restricted deposit flow
Fixed assets	478,620,783	Limited finance lease
Total	481,938,456	--

### 55. Foreign currency monetary items

#### (1) Foreign currency monetary items

Unit: RMB

Item	Closing balance of foreign currency	Exchange rate	Closing balance convert to RMB
Cash at bank and on hand	--	--	50,983,859
Incl: HKD	9,220,760	0.9134	8,422,242
USD	5,973,317	7.0795	42,288,101
EUR	33,653	7.9610	267,908
JPY	26,261	0.0658	1,728
AUD	797	4.8657	3,880
Accounts receivable	--	--	93,365,388
Incl: HKD	2,462,433	0.9134	2,249,186
USD	11,795,686	7.0795	83,507,560
EUR	955,739	7.9610	7,608,642
Short-term borrowings	--	--	97,903,962
Incl: HKD	75,000,000	0.9134	68,505,000
USD	4,152,689	7.0795	29,398,962
Accounts payable	--	--	39,913,201
Incl: HKD	91,624	0.9134	83,689

USD	4,700,244	7.0795	33,275,379
EUR	770,864	7.9610	6,136,851
JPY	6,341,672	0.0658	417,282
Contractual liabilities	--	--	27,174,183
Incl: HKD	11,673,237	0.9134	10,662,335
USD	2,324,908	7.0795	16,459,186
EUR	6,615	7.9610	52,662

**(2) Description of overseas business entities, including for important overseas business entities, their main overseas business locations, recording currency and selection basis shall be disclosed, as well as the reasons for changes in recording currency if recording currency changed.**

Applicable  Not applicable

## 56. Hedging

Applicable  Not applicable

## 57. Government subsidy

### (1) Basic situation of government subsidies

Unit: RMB

Type	Amount	Presentation project	Amount included in current profit and loss
Government subsidy amortization	17,118,391	Other income	17,118,391
Other government subsidies	30,890,935	Other income	30,890,935
Other government subsidies	100,000	Non operating income	100,000
Total	48,109,326		48,109,326

## 58. Others

Applicable  Not applicable

## VIII. The changes of consolidation scope

### 1. Changes in scope of consolidation for other reasons

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.

## IX. Interest in other entities

### 1. Interest in subsidiary

#### (1) Composition of the Group

Name of subsidiary	Major business location	Place of registration	Scope of business	Shareholding (%)		Way of acquisition
				Direct	Indirect	
Chengdu CSG	Chengdu, PRC	Chengdu, PRC	Development, production and sales of special glass	75%	25%	Establishment
Sichuan CSG Energy Conservation	Chengdu, PRC	Chengdu, PRC	Development, production and sales of special glass and processing of glass	75%	25%	Split-off
Tianjin Energy Conservation	Tianjin, PRC	Tianjin, PRC	Development, production and sales of special glass	75%	25%	Establishment
Dongguan CSG Engineering	Dongguan, PRC	Dongguan, PRC	Intensive processing of glass	75%	25%	Establishment
Dongguan CSG Solar	Dongguan, PRC	Dongguan, PRC	Production and sales of solar glass	75%	25%	Establishment
Dongguan CSG PV-tech	Dongguan, PRC	Dongguan, PRC	Production and sales of hi-tech green battery and components		100%	Establishment
Yichang CSG Polysilicon	Yichang, PRC	Yichang, PRC	Production and sales of high-purity silicon materials	75%	25%	Establishment
Wujiang CSG Engineering	Wujiang, PRC	Wujiang, PRC	Intensive processing of glass	75%	25%	Establishment
Hebei CSG	Yongqing, PRC	Yongqing, PRC	Production and sales of special glass	75%	25%	Establishment
Wujiang CSG	Wujiang, PRC	Wujiang, PRC	Production and sales of special glass	100%		Establishment
China Southern Glass (Hong Kong) Limited	Hong Kong, PRC	Hong Kong, PRC	Investment holding	100%		Establishment



Hebei Shichuang	Yongqing, PRC	Yongqing, PRC	Production and sales of ultra-thin electronic glass	100%		Establishment
Xianning CSG	Xianning, PRC	Xianning, PRC	Production and sales of special glass	75%	25%	Establishment
Xianning CSG Energy-Saving	Xianning, PRC	Xianning, PRC	Intensive processing of glass	75%	25%	Split-off
Qingyuan CSG Energy-Saving	Qingyuan, PRC	Qingyuan, PRC	Production and sales of ultra-thin electronic glass	100%		Establishment
Shenzhen CSG Financial Leasing Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Finance leasing, etc.	75%	25%	Establishment
Jiangyou CSG Mining Development Co., Ltd.	Jiangyou, PRC	Jiangyou, PRC	Production and sales of silica and its by-products	100%		Establishment
Shenzhen CSG PV Energy Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Investment management of photovoltaic plant	100%		Establishment
Qingyuan CSG New Energy Co., Ltd.	Qingyuan, PRC	Qingyuan, PRC	Clean energy development, photovoltaic power generation		100%	Establishment
Suzhou CSG PV-tech Co., Ltd.	Wujiang, PRC	Wujiang, PRC	Clean energy development, photovoltaic power generation		100%	Establishment
Wujiang CSG New Energy Co., Ltd.	Wujiang, PRC	Wujiang, PRC	Clean energy development, photovoltaic power generation		100%	Establishment
Yichang CSG New Energy Co., Ltd	Yichang, PRC	Yichang, PRC	Clean energy development, photovoltaic power generation		100%	Establishment
Shenzhen CSG Display	Shenzhen, PRC	Shenzhen, PRC	Production and sales of display component products	60.8%		Acquisition
Xianning CSG Photoelectric	Xianning, PRC	Xianning, PRC	Photoelectric glass and high aluminium glass	50%	50%	Acquisition
Zhaoqing Energy-Saving Glass	Zhaoqing, PRC	Zhaoqing, PRC	Production and sales of special glass	100%		Establishment
Zhaoqing Automobile Glass	Zhaoqing, PRC	Zhaoqing, PRC	Production and sales of special glass	100%		Establishment
Shenzhen CSG Medical	Shenzhen, PRC	Shenzhen, PRC	Sales, research and development of medical masks, etc	100%		Establishment
Anhui CSG New Energy Materials	Anhui, PRC	Anhui, PRC	Develop, manufacture and sell key materials or complete sets of equipment for new energy power generation	100%		Establishment
Anhui CSG New Quartz material	Anhui, PRC	Anhui, PRC	Quartzite mining, processing, purification, sales	100%		Establishment

**(2) Important non-wholly owned subsidiary**

Unit: RMB

Subsidiaries	Shareholding of minority shareholders	Total profit or loss attributable to minority shareholders for the year ended 30 June 2020	Dividends distributed to minority interests for the year ended 30 June 2020	Minority interest as at 30 June 2020
Shenzhen CSG Display	39.20%	9,831,670		350,797,051

**(3) Major financial information of important non-wholly owned subsidiaries**

Unit: RMB

Name of Subsidiary	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen CSG Display	225,448,197	1,417,146,203	1,642,594,400	613,555,840	93,098,021	706,653,861
	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
	215,814,081	1,426,057,340	1,641,871,421	612,571,719	118,439,954	731,011,673

Unit: RMB

Name of Subsidiary	Occurred in current term				Occurred in previous term			
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Shenzhen CSG Display	212,884,437	25,080,790	25,080,790	61,513,296	276,594,464	22,096,117	22,096,117	47,005,530

**2. Equity in structured entities not included in the consolidated financial statements**

Related description of structured entities not included in the scope of consolidated financial statements:

 Applicable  Not applicable**3. Other** Applicable  Not applicable

## X. Risk related to financial instrument

The Group's activities expose it to a variety of financial risks: market risk (primarily 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 exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. However, some of the export business is settled in foreign currency. Besides, 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 HKD. The Group monitors the scale of foreign currency transactions, foreign currency assets and liabilities, and adjusts settlement currency of export business, to furthest reduce the currency risk.

As at 30 June 2020, the carrying amounts in RMB equivalent of the Group's assets and liabilities denominated in foreign currencies are summarized below:

	30 June 2020			
	USD	HKD	Others	Total
Financial assets denominated in foreign currency-				
Cash at bank and on hand	42,288,101	8,422,242	273,516	50,983,859
Receivables	83,507,560	2,249,186	7,608,642	93,365,388
Total	125,795,661	10,671,428	7,882,158	144,349,247
Financial liabilities denominated in foreign currency				
Short-term borrowings	29,398,962	68,505,000		97,903,962
Payables	33,275,379	83,689	6,554,133	39,913,201
Total	62,674,341	68,588,689	6,554,133	137,817,163

	31 December 2019			
	USD	HKD	Others	Total
Financial assets denominated in foreign currency-				
Cash at bank and on hand	41,907,573	3,907,829	354,589	46,169,991
Receivables	80,789,758	1,487,715	7,527,045	89,804,518
Total	122,697,331	5,395,544	7,881,634	135,974,509
Financial liabilities denominated in foreign currency				
Short-term borrowings	4,938,410	67,185,000		72,123,410

Payables	39,609,462	275	11,628,253	51,237,990
Total	44,547,872	67,185,275	11,628,253	123,361,400

As at 30 June 2020, 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 RMB5,365,312 lower/higher (31 December 2019: approximately RMB6,642,704 lower/higher) for various financial assets and liabilities denominated in USD.

As at 30 June 2020, 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 RMB4,922,967 higher/lower (31 December 2019: approximately RMB5,252,127 higher/lower) for various financial assets and liabilities denominated in HKD.

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 interestbearing borrowings 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 30 June 2020, the Group's long-term interest-bearing debt at variable rates and fixed rates as illustrated below:

Type	30 June 2020	31 December 2019
Debt at fixed rates	2,414,353,139	951,975,000
Debt at variable rates	252,500,000	368,250,000
Total	2,666,853,139	1,320,225,000

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 mainly 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, 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 at 30 June 2020, the Group had net current liabilities of approximately RMB161million and committed capital expenditures of approximately RMB 550million. 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;
- (c) The Group will closely monitor 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 as follows:

	30 June 2020				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	1,628,874,284				1,628,874,284
Notes payable	187,639,865				187,639,865
Accounts payable	1,267,881,055				1,267,881,055
Other payables	270,701,826				270,701,826
Other current liabilities	300,000				300,000
Non-current liabilities due within one year	2,144,276,826				2,144,276,826
Long-term payables		53,006,500			53,006,500
Long-term borrowings	31,768,162	647,116,172	17,081,456	23,994,667	719,960,457
Bonds payable	120,000,000	120,000,000	2,088,109,589		2,328,109,589
Total	5,651,442,018	820,122,672	2,105,191,045	23,994,667	8,600,750,402

	31 December 2019				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	2,279,068,830				2,279,068,830
Notes payable	232,063,968				232,063,968

Accounts payable	1,100,531,779				1,100,531,779
Other payables	351,374,775				351,374,775
Other current liabilities	300,000				300,000
Non-current liabilities due within one year	1,749,763,512				1,749,763,512
Long-term payables		87,240,529			87,240,529
Long-term borrowings	81,253,313	1,338,406,582	19,752,667		1,439,412,562
Total	5,794,356,177	1,425,647,111	19,752,667		7,239,755,955

## XI. Disclosure of fair value

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) Assets continuously measured at fair value

By June 30, 2020, the Group's using assets and liabilities measured at fair value are listed three levels as followings:

	30 June 2020			
	Level 1	Level 2	Level 3	Total
Measured at fair value through other comprehensive income				
Receivables Financing		303,344,206		303,344,206
Total		303,344,206		303,344,206

(b) Assets and liability that not measured but disclosed at fair value

The group's financial assets and financial liabilities measured at amortized cost mainly include: accounts receivable, short-term borrowings, accounts payable, long term borrowings, bonds payable, long-term payables, ect.

Except for financial liabilities listed below, book value of the other financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

	30 June 2020		31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Bonds payable	1,991,652,870	1,991,852,035		
Medium term notes			800,000,000	807,757,600
Total	1,991,652,870	1,991,852,035	800,000,000	807,757,600

The fair values of bonds payable 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, therefore they belong to Level 2.

## XII. Related party and related Transaction

### 1. Information of the parent company

The Company regards no entity as the parent company.

### 2. The subsidiaries

The general information and other related information of the subsidiaries are set out in attached note.

### 3. Joint venture of the Company

Nil.

### 4. Other related parties

Other related parties	Relationship between other related parties and the enterprise
Shenzhen jushenghua Co., Ltd.	Party acting in concert of the Company's largest shareholder
Foresea Life Insurance Co., Ltd.	The Company's largest shareholder
Xinjiang Qianhai United Property Insurance Co., Ltd.	Related party of the shareholder of the Company

### 5. Related party transactions

#### (1) Related transactions for the purchase and sale of goods, provision and receipt of services

√ Applicable    □ Not applicable

Related party	Related party transactions	Amount incurred in the current period	Amount incurred in the previous period
Shenzhen jushenghua Co., Ltd.	Sale of masks	12,118,000	
Other related parties	Sale of masks and others	6,222,400	
Total		18,340,400	

#### (2) Other related transactions

Unit: RMB

Related parties	Related party transactions	Amount incurred in the current period	Amount incurred in the previous period
Foresea Life Insurance Co., Ltd.	Purchase life insurance	1,903,094	527,941
Xinjiang Qianhai United Property Insurance Co., Ltd.	Purchase auto insurance, property insurance	178,374	43,224
Total		2,081,468	571,165

## 6. Accounts receivable and payable of related parties

### (1) Receivables

Applicable  Not applicable

### (2) Payables

Applicable  Not applicable

## 7. Commitment of related parties

Applicable  Not applicable

## 8. Others

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

Related parties	Related party transactions	Restrictive terms on borrowings	Year of 2020	Year of 2019
Shenzhen Jushenghua Co., Ltd.	Facility of interest-free loans provided for the Company	Nil	2,000,000,000	2,000,000,000

On 22 November 2016, the Company received a letter from its shareholder, Jushenghua, stating that to support the Group's steady operation and development, Jushenghua, as the shareholder of the Company, would like to offer interest-free borrowings with the total amount of RMB 2 billion to the Company or through related parties designated by it. For any borrowing drawn, its repayment date is negotiated by the Company and Jushenghua upon withdrawal. When a borrowing is due, if an extension is needed, the Company can apply to the actual lender based on the Company's operation; where the actual lender agrees with the extension application, the term of the borrowing is extended accordingly. The shareholder provided nil interest free loan to the group in the report period.

## XIII. Share Payment

### 1. Overall situation of share payment

Applicable  Not applicable

Unit: RMB

The total number of equity instruments granted by the company in the current period	
Total amount of various equity instruments that the company exercises during the current period	
The total number of various equity instruments that have repurchased in the current period	36,222,898
The scope of the company's outstanding share options and the remaining duration of the contract at the end of the period	
The scope of the company's exercise price of other equity instruments at the end of the period and the remaining duration of the contract at the end of the period	



On December 11, 2017, reviewed and approved by the Group's eighth session of the Board of Directors, the Group implemented the 2017 A Share Restricted Stock Incentive Plan. The incentive targets for the restricted shares granted under this plan include company directors and senior management personnel, a total of 454 core management teams, company technology members and main employees. The first grant date of this restricted stock was December 11, 2017. The company granted 97,511,654 restricted shares for the first time to 454 incentive targets. The initial grant price was RMB 4.28 per share. Reserved restricted stock ending balance 17,046,869 shares, the grant price has not been determined. The shares granted of the first time has been registered and listed.

By the 2nd temporary meeting of shareholders held on 6 August 2018, the company decided to repurchase and cancel the still-restricted shares which have already been granted to and held by 15 recipients no longer qualified for 2017 A Share Restricted Stock Incentive Plan due to either resignation or position adjustment. A total of 3,319,057 shares were repurchased and cancelled, and the company has finished above cancellations of the restricted shares by September 10, 2018.

The Company held the 8th temporary meeting of the Board on September 13, 2018, which reviewed and approved September 13, 2018 to be the shares granting date and 75 recipients to be granted 9,826,580 restricted shares in total.

The Company held the 8th temporary meeting of the Board on December 12, 2018, which reviewed and approved the releasing conditions on the first- time expiring trading restrictions of the initial part of the incentive plan on restricted shares from ordinary A. A total of 431 recipients of the incentive plan were able to fulfill the conditions. The amount of 43,353,050 shares could be released from restrictions. The unlock date of the restricted stocks, which was the date of listing, was December 21, 2018.

On December 12, 2018, the company held the 8th meeting of the 8th Board of directors, and the meeting of the 8th board of supervisors. The meetings approved the "Proposal concerning the repurchase and cancellation of some restricted shares from the 'incentive plan' of restricted shares", and the meetings approved to repurchase and cancel a total of 436,719 restricted shares which have already been granted to and held by 8 recipients who are unqualified for the "incentive plan". This was reviewed and approved by the third temporary meeting of shareholders on December 28, 2018. By June 18, 2019, the cancellation procedure of above restricted shares had been accomplished.

On April 16, 2019, the company held the 8th meeting of the 8th Board of directors, and the 8th meeting of the 8th Board of supervisors. The meetings approved the "Proposal concerning the repurchase and cancellation of some restricted shares from the 'incentive plan' of restricted shares", and the "Proposal concerning the repurchase and cancellation of restricted shares failing to meet the second-term unlocking condition". The meetings approved to repurchase and cancel a total of 3,473,329 restricted shares which have already been granted to and held by 14 recipients who are unqualified for the "incentive plan", and repurchase and cancel a total of 33,734,276 restricted shares failing to meet the second-term unlocking condition from 483 "incentive" recipients. Independent directors agreed with this and it was approved by the annual general meeting of shareholders on May 9, 2019. By June 18, 2019, the cancellation procedure of above restricted shares had been accomplished.

On September 16 2019, the Company held the 8th temporary meeting of the Board and the 8th temporary meeting of Supervisors. The meetings reviewed and approved the "Proposal concerning the repurchase and cancellation of some restricted shares from the 'incentive plan' of restricted shares". The meetings approved to repurchase and cancel a total of 1,281,158 restricted shares which have already been granted to and held by 18 recipients unqualified for the "incentive plan", this was reviewed and approved by the 4th temporary meeting of shareholders on October 10 2019. By June 16, 2020, the cancellation procedure of above restricted shares had been accomplished.

On September 16 2019, the Company held the 8th temporary meeting of the Board and the 8th temporary meeting of Supervisors, which reviewed and approved the releasing conditions on the first-time expiring trading restrictions of the initial part of the incentive plan on restricted shares from ordinary A. In addition to the fact that 3 recipients did not have the conditions to unlock restricted stocks due to their resignation, a total of 71 recipients of the incentive plan were able to fulfil the conditions. The amount of 3,909,350 shares could be released from restrictions. The restricted shares were released and listed by company on September 25, 2019.

On April 28, 2020, the company held the 11th meeting of the 8th board of directors, and the 11th meeting of the 8th board of supervisors. The meetings approved the “Proposal concerning the repurchase and cancellation of some restricted shares from the ‘incentive plan’ of restricted shares”, and the “Proposal concerning the repurchase and cancellation of restricted shares failing to meet the third-term unlocking condition”. The meetings approved to repurchase and cancel a total of 909,936 restricted shares which have already been granted to and held by 14 recipients who are unqualified for the “incentive plan”, and repurchase and cancel a total of 35,312,962 restricted shares failing to meet the second-term unlocking condition from 451 “incentive” recipients. Independent directors agreed with this and it was approved by the annual general meeting of shareholders on May 21, 2020. By June 16 2020, the cancellation procedure of above restricted shares had been accomplished.

This incentive plan is valid for 48 months from the date of grant of the restricted stock to the date of unlocking of all restricted stocks or the completion of repurchase and cancellation. During the unlocking/exercise period, if the unlocking/exercise condition specified in the incentive plan is reached, the restricted stock granted is unlocked in three phases after 12 months from the grant date.

The unlock period is shown in the following table:

Unlock Schedule	Unlock Time	Unlock Ratio
First unlock	from the date of the first transaction 12 months after the award date to the date of the last transaction within 24 months from the grant date.	40%
Second unlock	from the date of the first trading day 24 months after the grant date to the date of the last trading day within 36 months from the grant date	30%
Third unlock	from the date of the first trading day 36 months after the grant date to the day of the last trading day within 48 months from the grant date	30%

## 2. Equity-settled share payment

Applicable  Not applicable

Unit: RMB

Method for Determining the Fair Value of Equity Instruments on the Grant Date	Black-Scholes Model
Determination of the number of vesting equity instruments	Based on the latest information on the change in the number of exercisable rights and the completion of performance indicators, the number of equity instruments that are expected to be exercised is revised.
Reasons for significant differences between current estimates and previous estimates	Not applicable
Cumulative amount of equity-settled share-based payment in capital reserves	128,276,983

Total equity confirmed by equity-settled share-based payment in this period	
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According to the relevant provisions of Accounting Standards for Business Enterprises No. 11 - Share Payment and Enterprise Accounting Standard No. 22 - Recognition and Measurement of Financial Instruments, the Group uses the Black-Scholes model (BS model) as a pricing model, deducting incentive objects. The fair value of the restricted stock will be used after the lock-in costs that are required to obtain the rational expected return from the sales restriction period are lifted in the future. The Group will, on each balance sheet date of the lock-in period, revise the number of restricted stocks that are expected to be unlockable based on the newly obtained changes in the number of unlockable persons and performance indicators, and follow the fair value of the restricted stock grant date. The services obtained during the current period are included in the relevant costs or expenses and capital surplus.

The Group actually granted restricted stocks of 97,511,654 shares in 2017, and the total fair value of the equity instruments granted to the incentive target for the first day of grant was RMB 289,519,900, the total fair value as the total cost of the company's equity incentive plan will be confirmed in stages according to the unlocking/exercise ratio during the implementation of the equity incentive plan, and will be included in the "management fees and Construction in progress and capital surplus-other capital surplus " of each period accordingly.

By the 2nd temporary meeting of shareholders held on 6 August 2018, the company decided to repurchase and cancel the still-restricted shares which have already been granted to and held by 15 recipients no longer qualified for 2017 A Share Restricted Stock Incentive Plan due to either resignation or position adjustment. A total of 3,319,057 shares were repurchased and cancelled, and the company has finished above cancellations of the restricted shares by September 10, 2018.

The Company held the 8th temporary meeting of the Board on September 13, 2018, which reviewed and approved September 13, 2018 to be the shares granting date and 75 recipients to be granted 9,826,580 restricted shares in total.

The Company held the 8th temporary meeting of Board of Directors on December 12, 2018, which reviewed and approved the releasing conditions on the first-time expiring trading restrictions of the initial part of the incentive plan on restricted shares from ordinary A during 2017. A total of 431 recipients of the incentive plan were able to fulfill the conditions. The amount of 43,353,050 shares could be released from restrictions. The restricted shares was released and listed by the Company on December 21, 2018.

On December 12, 2018, the company held the 8th meeting of the 8th Board of Directors, and the 8th meeting of the 8th Board of Supervisors. The meetings approved the "Proposal concerning the repurchase and cancellation of some restricted shares from the 'incentive plan' of restricted shares", and the meetings approved to repurchase and cancel a total of 436,719 restricted shares which have already been granted to and held by 8 recipients who are unqualified for the "incentive plan". This was reviewed and approved by the third temporary meeting of shareholders on December 28, 2018. The cancellations of above restricted shares have been finished.

In addition, according to the Group's performance in 2018, the unlocking conditions for the first post lock-up period for the restricted shares incentive plan for 2017 and for the second post lock-up period for the restricted shares incentive plan for 2018 were not met. Therefore, by year end, expenses for the second post lock-up period for the ordinary A restricted shares was reduced by RMB 41,856,285.

On April 16, 2019, the company held the 8th meeting of the 8th Board of Supervisors, and the 8th meeting of the 8th Board of Supervisors. The meetings approved the "Proposal concerning the repurchase and cancellation of some restricted shares from

the 'incentive plan' of restricted shares", and the "Proposal concerning the repurchase and cancellation of restricted shares failing to meet the second-term unlocking condition". The meetings approved to repurchase and cancel a total of 3,473,329 restricted shares which have already been granted to and held by 14 recipients who are unqualified for the "incentive plan", and repurchase and cancel a total of 33,734,276 restricted shares failing to meet the second-term unlocking condition from 483 "incentive" recipients. Independent directors agreed with this and it was approved by the annual general meeting of shareholders on May 9, 2019. By June 18, 2019, the cancellations procedure of above restricted shares had been accomplished.

On September 16, 2019, the Company held the 8th temporary meeting of Board of Directors and the 8th temporary meeting of Board of Supervisors. The meetings reviewed and approved the "Proposal concerning the repurchase and cancellation of some restricted shares from the 'incentive plan' of restricted shares". The meetings approved to repurchase and cancel a total of 1,281,158 restricted shares which have already been granted to and held by 18 recipients unqualified for the "incentive plan", this was reviewed and approved by the 4th temporary meeting of shareholders on October 10 2019. By June 16, 2020, the cancellations procedure of above restricted shares had been accomplished.

On September 16, 2019, the Company held the 8th temporary meeting of Board of Directors and the 8th temporary meeting of Board of Supervisors, which reviewed and approved the releasing conditions on the first-time expiring trading restrictions of the initial part of the incentive plan on restricted shares from ordinary A. In addition to the fact that 3 recipients did not have the conditions to unlock restricted stocks due to their resignation, a total of 71 recipients of the incentive plan were able to fulfil the conditions. The amount of 3,909,350 shares could be released from restrictions. The restricted shares were released and listed by the company on September 25, 2019.

On April 28, 2020, the company held the 11th meeting of the 8th Board of Directors, and the 11th meeting of the 8th board of Board of Supervisors. The meetings approved the "Proposal concerning the repurchase and cancellation of some restricted shares from the 'incentive plan' of restricted shares", and the "Proposal concerning the repurchase and cancellation of restricted shares failing to meet the third-term unlocking condition". The meetings approved to repurchase and cancel a total of 909,936 restricted shares which have already been granted to and held by 14 recipients who are unqualified for the "incentive plan", and repurchase and cancel a total of 35,312,962 restricted shares failing to meet the second-term unlocking condition from 451 "incentive" recipients. Independent directors agreed with this and it was approved by the annual general meeting of shareholders on May 21, 2020. By June 16, 2020, the cancellations procedure of above restricted shares had been accomplished.

### 3. Share payment in cash

Applicable Not applicable

### 4. Modification and termination of share based payment

Applicable Not applicable

### 5. Others

Applicable Not applicable

## XIV. Commitments and contingencies

### 1. Significant commitments

#### (1) Capital commitments

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

Item	30 June 2020	31 December 2019
Buildings, machinery and equipment	550,172,794	491,835,351

#### (2) Operating lease commitments

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

	30 June 2020	31 December 2019
Within 1 year	3,583,635	2,457,100
1 to 2 years	903,456	1,412,642
2 to 3 years	54,000	652,804
Over 3 years		60,000
Total	4,541,091	4,582,546

### 2. Segment information

#### (1) Definition foundation and accounting policy of segment

The Group's business activities are categorised by product and service as follows:

Glass segment, engaged in production and sales of float glass and engineering glass and other building energy - saving materials, the silica for the production thereof, etc.

Solar energy segment, engaged in manufacturing and sales of polysilicon and solar battery and applications, etc.

Electronic glass and display segment is responsible for production and sales of display components and special ultra-thin glass products, etc.

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 Estimates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

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.

## (2) Financial information of segment

Unit: RMB

Item	Glass industry	Electronic glass and display	Solar energy and other industries	Unallocated	Elimination	Total
Revenue from external customers	3,575,677,167	402,961,663	439,860,149	5,722,370		4,424,221,349
Inter-segment revenue	16,138,128	1,903,311	38,935,604	32,112,917	-89,089,960	-
Interest income	993,317	844,205	243,563	22,850,278		24,931,363
Interest expenses	28,590,444	8,409,247	13,933,995	101,245,278		152,178,964
Asset impairment losses	-37,110		-116,943			-154,053
Credit impairment loss	2,331,283	-239,114	876,723	-6,972		2,961,920
Depreciation and amortization expenses	299,602,937	82,290,663	72,923,473	2,936,922		457,753,995
Total profit	521,867,500	63,418,187	4,166,560	-103,460,074		485,992,173
Income tax expenses	71,452,478	9,253,051	3,409,679			84,115,208
Net profit	450,415,022	54,165,136	756,881	-103,460,074		401,876,965
Total assets	8,206,963,735	3,615,380,471	3,991,099,094	3,550,869,407		19,364,312,707
Total liabilities	2,160,005,072	713,860,001	479,454,395	5,958,671,816		9,311,991,284
Increase in non current assets	149,426,510	248,257,148	45,304,030	2,863,976		445,851,664

## (3) Other statement

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	Jan.-Jun. 2020	Jan.-Jun. 2019
Mainland	3,862,784,501	4,155,252,155
Overseas	561,436,848	732,985,423
Total	4,424,221,349	4,888,237,578
Total non-current assets	30 June 2020	31 December 2019

Mainland	13,234,044,518	13,249,557,840
Hong Kong	12,494,930	12,535,219
Total	13,246,539,448	13,262,093,059

The Group has a large number of customers, but no revenue from a single customer exceed 10% or more of the Group's revenue.

### 3. Other important transactions and matters that have an impact on investors' decisions

Applicable  Not applicable

### 4. Others

Applicable  Not applicable

## XV. Notes to Financial Statements of the Parent Company

### 1. Other receivables

Unit: RMB

Nature of accounts	Ending book balance	Beginning book balance
Other receivables	3,736,236,883	3,179,500,967
Total	3,736,236,883	3,179,500,967

#### 1) Other accounts receivable classified by the nature of accounts

Unit: RMB

Nature of accounts	Ending book balance	Beginning book balance
Accounts receivable of related party	3,566,033,088	3,008,955,525
Others	173,677,342	174,025,961
Total	3,739,710,430	3,182,981,486

#### 2) Withdrawal of bad debt provision

Unit: RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance on 1 January 2020	3,480,519			3,480,519
Balance on 1 January 2020 in current period	—	—	—	—

--Transferred to the Phase II				
--Transferred to the Phase III				
-- Transferred back to the Phase II				
-- Transferred back to the Phase I				
Withdrawal	123,501			123,501
Recovery	130,473			130,473
Write-off				
Verification				
Other changes				
Balance on 30 June 2020	3,473,547			3,473,547

### 3) Disclosure by ageing

Unit: RMB

Ageing	Closing balance
Within 1 year (including 1 year)	3,567,040,760
1 to 2 years	1,506,675
2 to 3 years	8,044
Over 3 years	171,154,951
3 to 4 years	154,951
4 to 5 years	
Over 5 years	171,000,000
Total	3,739,710,430

### 4) Provision for bad debts accrued, recovered or reversed in the current period

Provision for bad debts:

Unit: RMB

Category	Opening balance	Amount of change in the current period				Closing balance
		Provision	Collect or reversal	Write-off	Others	
Provision for bad debts by portfolio	3,480,519	123,501	130,473			3,473,547
Total	3,480,519	123,501	130,473			3,473,547



**5) Top 5 of the closing balance of the other accounts receivable collated according to the arrears party**

Unit: RMB

Name of the company	Nature of accounts	Closing balance	Ageing	Proportion of the total year end balance of the accounts receivable (%)	Closing balance of bad debt provision
Yichang CSG Polysilicon	Subsidiary	1,881,373,607	Within 1 year	50%	
Yichang CSG Display	Subsidiary	356,890,268	Within 1 year	10%	
Qingyuan CSG Energy-saving	Subsidiary	268,044,219	Within 1 year	7%	
Xianning CSG Photoelectric	Subsidiary	261,847,799	Within 1 year	7%	
Shenzhen CSG PV	Subsidiary	174,800,604	Within 1 year	5%	
Total	--	2,942,956,497	--	79%	

**3. Long-term equity investment**

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	5,282,965,574	15,000,000	5,267,965,574	5,094,465,574	15,000,000	5,079,465,574
Total	5,282,965,574	15,000,000	5,267,965,574	5,094,465,574	15,000,000	5,079,465,574

**(1) Investment in subsidiaries**

Unit: RMB

Invested company	Opening balance (book value)	Increase and decrease in the current period				Closing balance (book value)	Closing balance of provision for impairment
		Additional investment	Reducing investment	Provision for impairment	Others		
Chengdu CSG Glass Co., Ltd.	151,397,763					151,397,763	
Sichuan CSG Energy Conservation	119,256,949					119,256,949	
Tianjin Energy Conservation Glass Co., Ltd	247,833,327					247,833,327	

Dongguan CSG Architectural Glass Co., Ltd.	198,276,242					198,276,242	
Dongguan CSG Solar Glass Co., Ltd.	355,120,247					355,120,247	
Yichang CSG Polysilicon Co., Ltd.	640,856,170					640,856,170	
Wujiang CSG North-east Architectural Glass Co., Ltd.	254,401,190					254,401,190	
Hebei CSG Glass Co., Ltd.	266,189,705					266,189,705	
China Southern Glass (Hong Kong) Limited	87,767,304					87,767,304	
Wujiang CSG Glass Co., Ltd.	567,645,430					567,645,430	
Hebei Panel Glass Co., Ltd.	246,370,595					246,370,595	
Jiangyou CSG Mining Development Co., Ltd.	102,415,096					102,415,096	
Xianning CSG Glass Co., Ltd.	181,116,277					181,116,277	
Xianning CSG Energy Conservation Glass Co., Ltd.	165,452,035					165,452,035	
Qingyuan CSG Energy Saving New Materials Co.,Ltd.	303,273,105	100,000,000				403,273,105	
Shenzhen CSG Financial Leasing Co., Ltd.	133,500,000					133,500,000	
Shenzhen CSG PV Energy Co., Ltd.	100,335,176					100,335,176	
Shenzhen Nanbo Display Technology Co., Ltd.	550,765,474					550,765,474	
Xianning CSG Photoelectric Glass Co., Ltd.	139,755,437					139,755,437	
ZhaoqingCSG Energy-Saving GlassCo., Ltd.	12,801,000	31,900,000				44,701,000	
ZhaoqingCSG Automobile GlassCo., Ltd.	12,601,000	30,600,000				43,201,000	
Anhui CSG New Energy Materials		3,000,000				3,000,000	
Anhui CSG New Quartz material		3,000,000				3,000,000	
Shenzhen CSG Medical		20,000,000				20,000,000	
Others(i) (ii)	257,336,052					257,336,052	15,000,000
Total	5,094,465,574	188,500,000				5,282,965,574	15,000,000

**(2) Other notes**

(i) As at June 30, 2020, long-term equity investment in subsidiaries contained the restricted stocks granted by the Company to the Employees of subsidiaries of the company, and the Company did not charge any fees for the restricted stocks which was deemed as an increase of costs of Long-term equity investment for subsidiaries by RMB 194,658,263 (31 December 2019: RMB 194,658,263).

(ii) The subsidiaries which have made provision for impairment were basically closed down in the previous year, and the provision for impairment for the long-term equity investment of them had been made by the Company according to the recoverable amount.

**3. Operating income and operating costs**

Unit: RMB

Item	Occurred in this term		Occurred in previous term	
	Income	Costs	Income	Costs
Other business	37,484,754		38,156,685	
Total	37,484,754		38,156,685	

New revenue guidelines have been implemented or not

Yes No

**4. Investment income**

Unit: RMB

Item	Occurred in this term	Occurred in previous term
Long-term equity investment accounted by cost method	703,591,508	390,105,325
Total	703,591,508	390,105,325

**XVI. Supplementary Information****1. Items and amounts of extraordinary profit (gains)/loss**

Applicable Not applicable

Unit: RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset	-342,005	
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)	48,109,326	
Loss and profit from external entrusted loan	5,546,384	
Other non-operating income and expenditure except for	-15,417,422	

the aforementioned items		
Less: Impact on income tax	4,330,999	
Impact on minority shareholders' equity (post-tax)	742,858	
Total	32,822,426	--

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

## 2. Return on net assets and earnings per share

Profit in the report period	The weighted average net assets ratio	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to ordinary shareholders of the Company	4.08%	0.13	0.13
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	3.74%	0.12	0.12

## 3. Difference of 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

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

Applicable  Not applicable