

Update

Equities - China

April 30th, 2014

Rating: **Under Review**

Current Price: EUR 2.20

New Price Target: Under Review

Sector: Manufacturing

Reuters Code: 8GSG.DE
Bloomberg Code: 8GSG GR

Internet Page: www.csg-ag.de
Fiscal Year Ending: December

Trading Data

Price High/Low 52w: EUR 3.75 - 1.84
Market Capitalisation: EUR 42.2m
Shares Outstanding: 17.7m
Free Float: 20.4%

Price Graph



Date and Time of Prices
April, 30th 2013 10:00 (CET)

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Please take a note of the Disclaimer and other
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China Specialty Glass AG

Company postpones publication of fiscal year 2013 and Q1 2014 results

An auditing crisis seems to spread over Chinese companies listed at the Frankfurt Stock Exchange. Yesterday, China Specialty Glass AG has announced that it has to postpone the publication of its fiscal year 2013 and Q1 2014 results.

The auditing company Warth & Klein Grant Thornton AG asks for additional information as well as verifications in regards to the 2013 financial figures of CSG. Among others demanded clients and distributors documents are missing. China Specialty Glass AG needs some time to deliver this on time. Consequently the company was forced to postpone the publication of 2013 and Q1 2014 results. No detailed time frame was named. It could even take MONTHS.

There is of course the likelihood that issues are solved and that numbers turn out to be fine. On the other hand we see the risk that results have to be restated, which would consequently have a tremendous negative effect on the future development of the company.

Until this issue is solved, we see us not able to either rate the value of the company.

Consequently we put the Rating as well as the target price under review.

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Summary of VEM's recommendations over the last 12 month concerning the securities of the company being subject of this analysis

Date of publication	Share Price at this date	Recommendation	New Fair Value (at date of publication)
20.8.2012	EUR 2.80	Buy	EUR 6.80
13.09.2013	EUR 2.32	Buy	EUR 7.50
29.11.2013	EUR 2.55	Buy	EUR 8.70

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Company	Disclosure
China Specialty Glass	3 - 5 - 11 - 13

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Details of material sources of information:

This financial analysis is based on public available information (Company presentations, Annual Reports, Quarterly Reports, Press Information, prospectus, ad-hoc announcements etc.). Moreover, management interviews for more detailed information about the current business development were held with the company.

Summary of the valuation methods and principles applied in the preparation of the financial analysis:

The valuations underlying the ratings of the securities analysed by VEM are based on generally accepted and widely used methods of fundamental valuation, such as DCF model, Peer group comparison, NAV valuation and - where applicable - a Sum-of-the-parts model.

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- BUY: The expected return (composed of the projected change of the share price and the anticipated dividend yield) is at least + 10 %.
- HOLD: The expected return (composed of the projected change of the share price and the anticipated dividend yield) ranges from - 10 % and + 10 %.
- SELL: The expected return (composed of the projected change of the share price and the anticipated dividend yield) is worse than - 10 %.

For further important details concerning the valuation methods applied in the preparation of this analysis, the meaning of the specific investment recommendation (including the recommended investment period, the risks associated with the investment and the sensitivity of the valuation parameters) please see the Section "Valuation" in this analysis.

Quarterly summary:

VEM is evaluating its ratings on a quarterly basis. The evaluation for the last quarter compares VEM's recommendations "Buy", "Hold", and "Sell" in total with VEM's recommendations "Buy", "Hold", and "Sell" for companies to which VEM has delivered significant investment banking services during the last 12 month. To view this evaluation, please visit www.vem-aktienbank.de.

Additional important information:

Date of first publication of this analysis by VEM : 30.04.2014

Date and Time of relevant Share Price (see first page):

A schedule for an update of this Analysis is not appointed yet. VEM reserves the right to update any individual analysis without prior notice.