CHINA SOUTHERN GLASS TECHNOLOGY HOLDING CO., LTD.

Third Quarterly Report 2002

President:Zeng Nan

Oct. 2002

CSG TECHNOLOGY HOLDING CO., LTD.

THIRD QUARTERLY REPORT 2002

Important Notice:

The Board of Directors of CSG Technology Holding Co., Ltd. (hereinafter referred to as the Company) and its directors hereby confirms that there are no important omissions, fictitious statements or serious misleading information carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

Due to a business trip, the director Sun Chengming entrust the right to vote to the director Zeng Nan.

The third quarterly financial report of the Company of 2002 has not been audited.

I. COMPANY PROFILE

(I) Introduction

1. Stock Exchange Listed with: Shenzhen Stock Exchange
   Short Form of the Stock (A-share): Southern Glass Technology
   Short Form of the Stock (B-share): Southern Glass B
   Stock Code (A-share): 000012
   Stock Code (B-share): 200012

2. Secretary of the Board of Directors: Wu Guobin
   Authorized Representative in Charge of Securities Affairs: Zhang Zhiping
   Liaison Address:CSG Building, No.1, 6th Industrial Road, Shekou, Shenzhen, P. R. China
   Tel: (86) 755-26860666
   Fax: (86) 755-26692755
   E-mail: szcsgcsg@public.szptt.net.cn

(II) Major accounting data and financial indexes

(Unit: RMB)

Item	Jan. to Sep. 2002
Income from main business lines	775,910,991
Net profit	131,031,262
Earnings per share	0.194
Net return on equity	6.62%
Item	**Sep 30, 2002**
Total asset	2,958,997,601
Shareholders' equity (excluding minority interest)	1,979,625,568
Net asset per share	2.92

Note: Difference between the domestic and oversea accounting statements is mainly due to:

(Unit: RMB)

	Net profit	Shareholders' equity
As reported under CAS:	128,598,013	1,974,939,036
Adjustment on real estate sales recognition		(5,439,960)
Adjustment on deferred tax		5,032,727
Adjustment on long-term deferred expenditure	2,433,249	2,433,249
Others		2,660,516
As reported under IAS:	131,031,262	1,979,625,568

(III) Changes in share capital and particulars about main shareholders

1. Both the Company's total share capital and its structure remained unchanged in the report period.

2. The Company had totally 43,629 shareholders by the end of the report period.

3. Particulars about the top ten shareholders by the end of the report period

Name of shareholder	Amount at the end of the report period (Share)	Proportion (%)	Share style
Yiwan Industrial Development (Shenzhen) Co., Ltd.	87,175,364	12.88	Juristic person share (A share)
China Northern Industry Shenzhen Corporation	87,175,364	12.88	Juristic person share (A share)
Shenzhen Freeway Development Co., Ltd.	76,204,633	11.26	Juristic person share (A share)
China Merchants (Glass Industry) Holding Co., Ltd.	11,217,572	1.66	Circulating share (B share)
Shanghai Yexuan Printing Co., Ltd.	7,881,640	1.16	Circulating share (A share)
Shenzhen Jun An Securities Co., Ltd.	5,878,371	0.87	Juristic person share (A share)
Wuhan Boda Industrial Co., Ltd.	5,122,900	0.76	Circulating share (A share)
Yichang Taohualing Trade Corp.	4,398,108	0.65	Circulating share (A share)
China Merchants Securities Co., Ltd.	3,808,883	0.56	Juristic person share (A share)
San Xia Securities Co., Ltd.	3,721,727	0.55	Circulating share (A share)

Yiwan Industrial Development (Shenzhen) Co., Ltd. and Shenzhen Freeway Development Co., Ltd. are inter-related companies; both of them are controlled subsidiaries of Shenzhen Investment Holding Corp. There is no inter-relation among the other shareholders.

In the report period, there was neither pledge nor frozen on the shares held by aforesaid shareholders.

II. REVIEW AND PROSPECT OF THE COMPANY’S OPERATIONS

(I) Operations of the Company in the report period

Main business of the Company falls into the category of nonmetal mineral product industry (C61). The Company is principally engaged in the R & D, production, marketing and selling of raw sheets of high-grade float glass and deep-processed series glass products, new-typed display devices and materials, new-typed electronic components, structure ceramic materials and products.

While most domestic glass manufactories suffered drops in profit in the report period, the Company’s benefit not only reduced but also rose year-on-year. Getting this achievement was mainly due to managing following the market change, innovating technology continually, persisting the hi-grade product policy and developing hi-technology, hi-quality and high value added product. In the report period, the Company realized an income from main business lines of RMB 775.91 million, an increase of 1.81% over the same period of previous year. The sales revenue from export was up to an amount of USD 36.65 million, a decrease of USD 1.69 million over the same period of previous year, and making up 39.1% of the total sales revenue. The Company realized net profit of RMB 131.03 million, an increase of 5.69% over the same period of previous year.

(II) Investment

1. In the report period, the Company did not raise any fund through share offering or utilize any fund raised before the report term.

2. Significant non-raised fund investment projects

(1) The third ITO coating production line has been put into operation.

(2) The precise coating glass production line has started kindling on Sep. 16, 2002 as schedule.

(3) In the report period, Tianjin CSG Architectural Glass Co., Ltd. completed the design of the plant & office building and the selection of the equipment. At present, invite tender for construction is undergoing.

(III) Operation results and financial status

1. Operation results

(1) Sales revenue, gross profit and net profit

Unit: In RMB

Item	Jan. to Sep. 2002	Jan. to Sep. 2001	Increase (+)/decrease (-) (%)
Sales revenue	775,910,991	762,092,790	1.81
Gross profit	301,683,630	283,811,334	6.30
Net profit	131,031,262	123,974,162	5.69

Note: The increase in sales revenue, gross profit and net profit was mainly due to the growth of sales volume and adjustment of product structure in the report period.

(2) Income and expenditure

Item	Amount (In RMB 0'000)		Proportion to profit before tax (%)	
	Jan. to Sep. 2002	Jan. to Sep. 2001	Jan. to Sep. 2002	Jan. to Sep. 2001
Profit before tax	15,101	12,838	-	-
Gross profit	30,168	28,381	199.77	221.07
Other operating income, net	314	395	2.08	3.08
Expenditure in the report period	15,381	15,939	101.85	124.15

Note: There is no significant difference at the same period of previous year.

(3) There was no significant seasonal income and expenditure occurred in the report period.

(4) There were no significant non-recurring gains and losses occurred in the report period.

(5) There was no significant overdue loan occurred in the report period.

2. Financial Status

Item	Amount (In RMB 0'000)		Proportion to total assets (%)	
	End of the report period	Year beginning	End of the report period	Year beginning
Total assets	295,900	268,791	-	-
Monetary fund	17,687	20,076	5.98	7.47
Trade receivables	20,099	15,460	6.79	5.75
Inventories	38,237	36,731	12.92	13.67
Long-term investments	921	912	0.31	0.34
Fixed assets	205,185	182,242	69.34	67.80
Intangible assets and other assets	8,548	8,482	2.89	3.16

Note: (1) An increase of 30% in trade receivables over the year beginning was mainly due to being trade receivables peak in the third quarterly every year. And the new third ITO coating production line resulted in longer receivables term of conductive-coated products.

(2) An increase of almost RMB 230 million in fixed assets over the year beginning was mainly due to establishment of the third ITO coating production line and the precise coating glass production line in the report period.

(3) There is no significant difference of other items at the year beginning.

3. Contingent and subsequent events

(1) Lawsuits and arbitration in the report period

a. It did not involve dumping activity judged by Canadian International Trade Tribunal on Aug. 30, 2002 that Shenzhen Benxun Autoglass Company Limited, a subsidiary wholly owned by the Company, products and sales automotive windshields. The dumping weighted average of tax decided is 0%. Recovering this anti-dumping case will bring positive effect on export of Shenzhen Benxun Autoglass Company Limited.

b. The case which Shenzhen Nanhong Electronic Ceramics Company Limited, a subsidiary wholly owned by the Company, charged Shenzhen Microgate Technology Co., Ltd. and their senior executives with impinging on business secret was mediated by Intellectual asset court of Shenzhen Intermediate People's Court on Jul. 31, 2002. The accuser and the accused come to a settlement. The accused acknowledged "conducted improper operation activities or used the accuser's technology improperly during operation," and apologized to the accuser for this. At the same time, the accused will compensate the economic loss RMB 3 million to Shenzhen Nanhong Electronic Ceramics Company Limited. This result of the lawsuit will bring positive effect on operation to Shenzhen Nanhong Electronic Ceramics Company Limited.

(2) The Company was not involved in any finance entrustment in the report period.

(3) The Company offered no guarantee in the report period.

III. FINANCIAL REPORT

(I) The third quarterly financial report of 2002 has not been audited.

(II) Financial Statements

CONSOLIDATED BALANCE SHEET

Prepared by: CSG Technology Holding Co., Ltd. Unit: In RMB

	Dec. 31, 2001	Sep. 30, 2002
ASSETS		
Current assets		
Cash and cash equivalents	182,168,597	167,153,932
Pledged bank deposits	18,586,984	9,718,140
Trade receivables, net	154,602,191	200,988,677
Due from related company	37,085,084	15,435,262
Inventories, net	87,978,096	118,930,802
Properties for sale, net	279,333,111	263,437,438
Other current assets	11,797,865	36,789,842
	771,551,928	812,454,093
Non-current assets		
Long-term investments	9,117,958	9,214,981
Property, plant and equipment, net	1,652,667,275	1,674,427,863
Construction-in-progress	169,755,254	377,425,597
Land use rights	86,424,323	171,532,626
Intangible assets	-6,637,521	-91,090,286
Deferred tax assets	5,032,727	5,032,727
	1,916,360,016	2,146,543,508
Total Assets	2,687,911,944	**2,958,997,601**
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	292,326,684	283,315,646
Due to related company	18,769,551	1,442,041
Taxes payable	4,218,580	7,023,315
Short-term bank loans	401,762,800	591,003,415
Current portion of long-term bank loans	-	-
	717,077,615	882,784,417
Non-current liabilities		
Other non-current liabilities	-	30,000,000
Minority interests	34,066,484	66,587,616
Capital and reserves		
Share capital	676,975,416	676,975,416
Reserves	1,121,452,271	1,121,285,536
Retained earnings	138,340,158	181,364,616
	1,936,767,845	1,979,625,568
Total Liabilities and Equity	2,687,911,944	**2,958,997,601**

CONSOLIDATED INCOME STATEMENT

Prepared by: CSG Technology Holding Co., Ltd. Unit: In RMB

	Jan. to Sep. 2002
Sales	775,910,991
Cost of sales	(474,227,361)
Gross profit	301,683,630
Distribution and selling expenses	(59,609,715)
General and administrative expenses	(80,126,514)
Write-back of net realizable value provision (Net realizable value provision) for properties for sale	
Other operating income, net	3,136,145
Profit from operations	165,083,546
Financial expenses, net	(14,074,583)
Profit before tax	151,008,963
Income tax	(9,252,958)
Profit after tax	141,483,005
Minority interests	(10,451,743)
Net profit	131,031,262

(III) Notes to the financial statements

1. The Company has applied Accounting Regulations for Enterprise since Jan. 1, 2001.

2. Compared with the year 2001, there were no changes in the accounting policies, accounting estimates in the report period.

3. Compared with the year 2001, the consolidation scope of financial statements was changed. It included the financial statements of Tianjin CSG Architectural Glass Co., Ltd. since Jul. 2002. At present, Tianjin CSG Architectural Glass Co., Ltd. is still in originating

period.

IV. DOVUMENTS FOR REFERENCE

(I). Original of the Third Quarterly Report;

(II). Original of the Third Quarterly Financial Statements (Balance Sheet and Income Statement);

(III). Originals of all documents and manuscripts of Public Notice of the Company publicly disclosed on the newspapers designated by CSRC in the report period.

Board of Directors of
CSG Technology Holding Co., Ltd.
Oct. 19, 2002