

REPORT OF ACQUIRING THE SHARES IN
SHENZHEN SEG SAMSUNG GLASS CO., LTD.

Name of Listed Company:	Shenzhen SEG Samsung Glass Co., Ltd.
Listed Market:	Shenzhen Stock Exchange
Stock Short Name:	SSG
Stock Code:	000068
Name of Acquirer:	Samsung Corning (Malaysia) Sdn. Bhd.
Registered Address:	Lot 635 & 660, Kawasan Perindurian Tuanku Jaafar, 71450 Sungai Gadut, Negeri Sembilan Darul Khusus, Malaysia
Telephone of Acquirer:	606-677-9700
Contact Address:	Lot 635 & 660, Kawasan Perindurian Tuanku Jaafar, 71450 Sungai Gadut, Negeri Sembilan Darul Khusus, Malaysia
Date of Execution:	January 28, 2003

*(This Report is prepared both in Chinese and English. If there is a conflict
between the two versions, the Chinese version shall prevail.)*

In connection with this Acquisition (as defined hereinafter), the Acquirer (as defined hereinafter) hereby declares as follows:

I. This Report is prepared by the Acquirer in accordance with *the Securities Law of PRC* (hereinafter referred to as the “**Securities Law**”), *the Administration Rules of Acquisition of Listed Companies* (hereinafter referred to as the “**Acquisition Rules**”) issued by CSRC (as defined hereinafter) on September 28, 2002, *the Rules of Contents and Formats of Information Disclosure of Public Companies No. 16* (hereinafter referred to as the “**Rules No. 16**”) issued by CSRC and effective as of December 1, 2002 and other related laws and regulations.

Pursuant to the provisions of the *Securities Law*, the *Acquisition Rules* and the *Rules No. 16*, this Report has fully disclosed the shares of SSG held or controlled by the Acquirer.

Except for the information of shareholdings disclosed herein, the Acquirer does not hold or control any shares of SSG by any other means as of the date that this Report is executed.

II. The Acquirer has obtained all requisite authorizations and approvals to execute this Report, and its performance of this Report will not contravene or conflict with any provisions of the Acquirer’s Articles of Association or bylaws.

III. This Acquisition is still subject to the following approvals:

1. The approval of the Ministry of Finance with respect to the administration of state-owned shares involved in this Acquisition, which shall be applied by the Transferor (as defined hereinafter);
2. The approval of the State Economic and Trade Commission with respect to the industrial policies and related matters involved in this Acquisition, which shall be applied by the Transferor;
3. The approval of the Ministry of Foreign Trade and Economic Cooperation with respect to the industrial policies of foreign investment and the change of the nature of the enterprise involved in this Acquisition, which shall be applied by SSG;
4. The approval of China Securities Regulatory Commission with respect to the exemption of obligation of general offering involved in this Acquisition, which shall be applied by the Acquirer; and
5. The approval of the Central Bank of Malaysia as required by laws of the Federation of Malaysia in which the Acquirer is located, which shall be applied by the Acquirer.

IV. This Acquisition is carried out pursuant to and based on the information and materials covered herein. Except for the Acquirer, nobody is entrusted or

authorized to provide any information other than those disclosed herein or to interpret or explain this Report.

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Definitions:

Unless otherwise stipulates in the context, the terms herein shall have the meanings defined as follows:

- “SCM”, or “the Acquirer” Samsung Corning (Malaysia) Sdn. Bhd., a company established and existing under the laws of the Federation of Malaysia.
- “SSC” Samsung Corning Co., Ltd., a company established and existing under the laws of the Republic of Korea; SSC holds 70% of the shares of the Acquirer.
- “SSG”, or “the Listed Company” Shenzhen SEG Samsung Glass Co., Ltd., a company limited by shares listed on Shenzhen Stock Exchange, with a Stock Code of 000068.
- “SSH” SSH Limited, formerly, Shum Yip Tamy Limited, a company established and existing under the laws of Hong Kong; SSC holds 60% of the shares of SSH.
- “SEG Group”, or “the Transferor” Shenzhen Electronic Group Co., Ltd., a limited liability company established and existing under the laws of the PRC.
- “CSRC” China Securities Regulatory Commission of the PRC.
- “SETC” State Economic and Trade Commission of the PRC.
- “MOFTEC” Ministry of Foreign Trade and Economic Cooperation of the PRC.
- “This Acquisition” The transaction that SCM purchases 110,749,679 state-owned shares from SEG Group.
- “This Report” The Report of Acquiring the Shares in Shenzhen SEG Samsung Glass Co., Ltd. executed on January 28, 2003.
- “Share Transfer Agreement” The Share Transfer Agreement relating to Purchasing SSG’s Shares entered into by and between SEG Group and SCM on January 28, 2003.
- “PRC” The People’s Republic of China, and for the purpose of this Report, excluding Hong Kong, Macao and Taiwan.

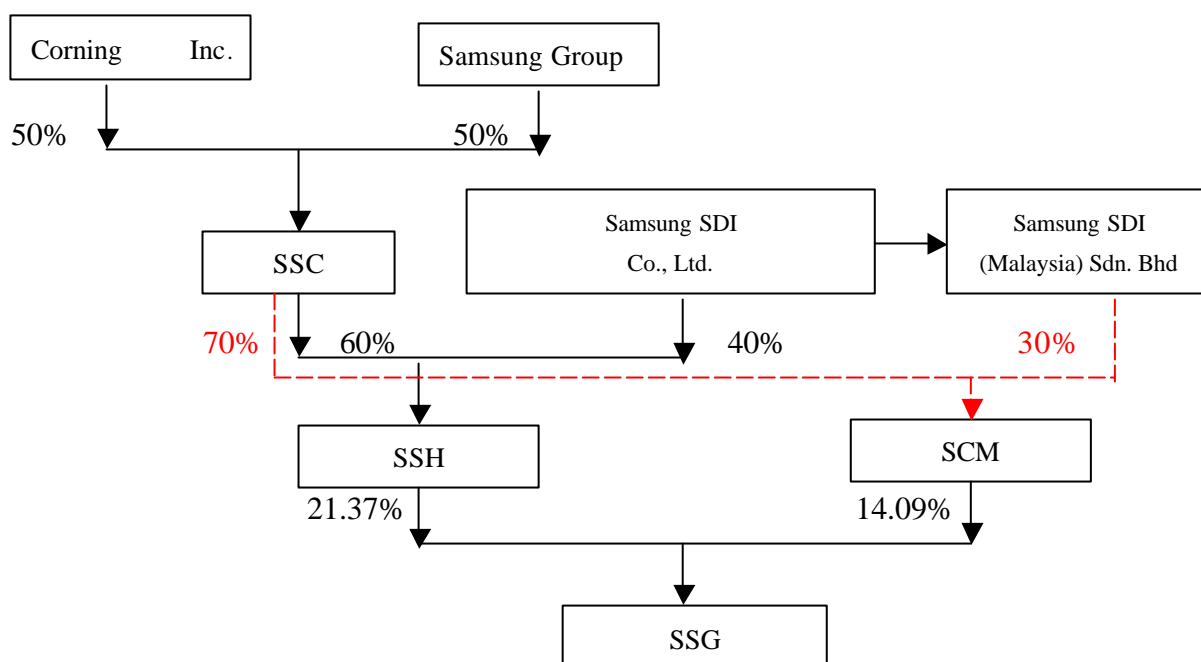
I. INFORMATION OF THE ACQUIRER

A. Basic Information of the Acquirer

1. Name: Samsung Corning (Malaysia) Sdn. Bhd.
2. Registered Address: Lot 635 & 660, Kawasan Perindurian Tuanku Jaafar, 71450 Sungai Gadut, Negeri Sembilan Darul Khusus, Malaysia
3. Business Registration Certificate: 214444-W
4. Type of Enterprise: Company limited by shares
5. Scope of Business: Manufacture and sale of polished television and monitor panels and funnels.
6. Names of Shareholders: SSC (70%), Samsung SDI (M) Sdn. Bhd. (30%)
7. Contact Address: Lot 635 & 660, Kawasan Perindurian Tuanku Jaafar, 71450 Sungai Gadut, Negeri Sembilan Darul Khusus, Malaysia
8. Tel: 606-677-9700
9. Fax: 606-677-1903

B. The Ownership Structure and Controlling Relationship of the Acquirer

1. SCM's Ownership Structure



SSC holds 70% shares of the Acquirer, and the directors and major high level officers of the Acquirer are appointed by SSC. SSC holds 60% shares of SSH,

and the directors and major high level officers of SSH are appointed by SSC.

C. Related Penalties and Significant Litigations or Arbitrations

The Acquirer has not been involved in any administrative penalties (except for those unrelated to securities transactions or market), criminal liabilities or significant civil litigations or arbitrations related to economic disputes within the past five years.

D. Basic Information of the Acquirer's High Level Officers

1. Brief Information of the Acquirer's Directors

No.	Name	ID No.	Permanent Address	Nationality	Residence Permit in Other Country or Region (if any)
1	Lee Byung Rai	MA0006586	The Republic of Korea	The Republic of Korea	None
2	So Jang Young	MA0006890	The Republic of Korea	The Republic of Korea	None

Other than the above two directors, the Acquirer has no other high level officers.

The aforesaid persons have not been involved in any administrative penalties (except for those clearly unrelated to securities transactions or market), criminal liabilities or significant civil litigations or arbitrations related to economic disputes within the past five years.

E. Brief Information of the Acquirer's Holdings or Controlling of More Than

5% of the Issued Shares of Other Listed Companies

The Acquirer does not hold any shares of any company listed in any exchange markets within China as of the date of the execution of this Report.

II. INFORMATION ON SHAREHOLDINGS OF THE ACQUIRER

A. The Acquirer's Shareholdings in SSG

1. The Acquirer's Current Shareholdings in SSG

Based on the Shareholders Registry issued on November 29, 2002 by China Securities Registry & Clearing Corporation, Shenzhen Branch, as of November 29, 2002, the Acquirer has not held any shares in SSG; SSH holds 167,957,704 shares in SSG, representing 21.37% of the issued and outstanding shares of SSG, which are in nature of foreign capital shares.

Except for the above shares held by SSH, a related party of the Acquirer, SSH, the Transferor and its related parties (including Shenzhen SEG Co., Ltd. ("SEG") and SEG Storage and Transportation Co., Ltd. ("SEG Storage")) entered into a shareholder agreement ("Shareholder Agreement") on July 26, 1998, making the following arrangement with respect to the exercising of voting rights of SSG shares:

1) Board of Directors

The Board of Director of SSG shall consist of nine (9) members: four (4) members nominated by SSH and five (5) members nominated by the Transferor and its related parties (e.g., SEG and SEG Storage). The Chairman shall be nominated by the Transferor and its related parties (e.g., SEG and SEG Storage); the Vice-Chairman shall be nominated by SSH. The parties to the Shareholder Agreement should vote their respective shares in SSG to support such nomination.

2) General Managers

SSH, the Transferor and its related parties (e.g., SEG, and SEG Storage) shall cause the board of directors to (i) appoint as General Manager the candidate nominated by SSH (ii) appoint one executive deputy general manager nominated by the Transferor and its related parties (e.g., SEG, and SEG Storage); and (iii) appoint one (1) deputy general manager nominated by SSH. The executive deputy general manager nominated by the Transferor and its related parties (e.g., SEG and SEG Storage) would be responsible for SSG's production, technology, technology renovation and facilities expansion; the deputy general manger nominated by SSH would be responsible for SSG's planning, finance and (domestic and export) marketing; and the deputy general manager nominated by the Transferor and its related parties (e. g., SEG and SEG Storage) would be responsible for SSG's human resources and procurement.

3) Board of Supervisors

The Board of Supervisors of SSG shall consist six (6) members, including two (2) members nominated by SSH, two (2) members nominated by the Transferor and its related parties (e.g., SEG SEG Storage), and the others elected by SSG's employees.

Except for the above, the Acquirer has no other arrangement with respect to the exercising of voting rights of SSG shares.

2. The Acquirer's Shareholdings in SSG upon the Completion of this Acquisition

When this Acquisition is approved by the related authorities and completed, according to the Share Transfer Agreement, SCM will hold 110,749,679 shares of SSG transferred by SEG Group, representing 14.09% of the issued and outstanding shares of SSG.

B. Authorizations and Approvals of This Acquisition

1. Authorizations

On January 27, 2003, SCM convened an interim meeting of the board of directors in accordance with its Articles of Association, convening the extraordinary general meeting to be held to approve this Acquisition.

2. Approvals

This Acquisition is still subject to the following approvals:

- (1) Pursuant to the *Notice of MOF on Issues Concerning Administration of State-owned Shares of Companies Limited by Shares* (Cai Guan Zi [2000] No. 200) issued by MOF on May 19, 2000, SEG Group shall apply for the approval of MOF for the administration of state-owned shares involved in this Acquisition;
- (2) Pursuant to the *Notice on Issues Concerning Transferring State-owned Shares or Legal Person Shares of a Listed Company to Foreign Investors* issued by CSRC, MOF and SETC on November 1, 2002, SEG Group shall apply for the approval of SETC for the administration of the industrial policies and related issues involved in this Acquisition.
- (3) Pursuant to the *Provisional Regulations on Issues Concerning Establishment of Foreign Invested Companies Limited by Shares* issued by MOFTEC on January 10, 1995 and the *Notice on Issues Concerning Strengthening Administration of Approvals, Registrations, Foreign Exchange and Taxes of Foreign Invested Enterprises* (Wai Jing Mao Fa Fa [2002] No. 575) issued by MOFTEC, State General Tax Bureau, State Administration for Industry and Commerce, State Administration of Foreign Exchange on December 30, 2002, SSG shall obtain the approval of MOFTEC for the industrial policies of foreign investment and the change of enterprise nature involved in this Acquisition.
- (4) Pursuant to Article 14 of the *Acquisition Rules*, the Acquirer shall obtain the approval of CSRC to waive its obligation of general offering.
- (5) The approval of the Central Bank of Malaysia is required by the laws of the Federation of Malaysia in which the Acquirer is located.

C. Share Transfer Agreement

1. Background of the Execution of the Share Transfer Agreement

Since 1998, the Acquirer started to communicate with the related governmental authorities of PRC to discuss the feasibility of acquiring shares of the Listed Company in China. In July 2002, the Acquirer started to contact the Transferor to discuss the share transfer. In October 2002, the negotiation entered into a substantive stage, and the parties conducted thorough communications and negotiations regarding the related issued involved in the share transfer. On January 28, 2003, the parties entered into the Share Transfer Agreement.

2. Basic Information of Share Transfer Agreement

- (1) Parties thereto: SCM and SEG Group;
- (2) Number of shares to be transferred: 110,749,679;
- (3) Ratio of shares to be transferred: 14.09%;
- (4) Nature of shares to be transferred: State-owned share;
- (5) Price of shares to be transferred: the purchase price for the shares to be transferred shall be RMB 2.1415 per share with a total value of RMB 237,170,438.00;
- (6) Date of Execution: January 28, 2003;
- (7) Preconditions to Effectiveness:
 - (a) the execution by legal representatives or authorized representatives of the Parties on, affixing of official chops on and delivery of the Share Transfer Agreement, the Amendment to Technology Transfer and License Agreement and the First Amendment to the Shareholder Agreement (the "Project Documents"); and
 - (b) the Project Documents shall have been duly approved and consented by, and registered and filed in, all relevant and necessary corporations, shareholders and governmental authorities in the PRC and the Central Bank of Malaysia, as required by the laws of the PRC and the Federation of Malaysia, respectively. The approvals in the PRC include, but not limited to, (i) the approval of this Agreement by SETC, if necessary; (ii) the approval of this Agreement by MOFTEC and consent by MOFTEC of the conversion of SSG into a foreign-invested company limited by shares; (iii) the approval of this Agreement by MOF; (iv) the absence of objection from CSRC regarding the acquisition report submitted by SCM; (v) the receipt by SCM and/or its related parties of the general offer waiver, and such approval, consent, registration and filing shall be in full force and effect.

- (8) Special Provisions: SCM and SEG Group make the following agreements on the conditions to the closing of this Acquisition, including:
- (a) fulfillment of the preconditions to effectiveness;
 - (b) no material adverse change, other than those caused by ordinary operation of SSG, after the base date of the accounts, in the business, operations, properties, prospects, assets or conditions of SSG, shall have occurred;
 - (c) the Parties have received an opinion of the board of directors of SSG and a separate opinion from the independent directors of SSG as to the possible effect of the transaction as contemplated by the Share Transfer Agreement on SSG as required by the Acquisition Rules;
 - (d) SSG shall have complied in all material respects with its covenants and obligations relating to the Project Documents;
 - (e) the shareholders of SSG at an extraordinary general shareholder's meeting to be held on or before the completion date, having (i) adopted the Amendment to the Articles, and (ii) adopted other resolutions that are necessary for SSG's performance of Project Documents to which SSG is a party as required by applicable Chinese laws and regulations,
 - (f) all requisite government or regulatory approvals, consents, registrations, filings and expiration of required waiting periods shall have been received, obtained or satisfied for the SSG's expansion plan;
 - (g) the appraisal or audit report of SSI prepared by an accounting firm with PRC securities qualification appointed by the board of directors of SSI which shows that the net asset value of SSI is zero (0) or slightly above zero (0) has been received by the Parties; and
 - (h) SEG Group (or its nominees) and SCM (or its nominees) shall assume respectively the related guarantee obligations for SSG Loans.
- (9) Approvals of this Acquisition: this Acquisition is subject to the following approvals:
- (a) the Transferor shall obtain the approval of MOF with respect to the administration of state-owned shares involved in this Acquisition;
 - (b) the Transferor shall obtain the approval of SETC with respect to the industrial policies and related matters involved in this Acquisition;
 - (c) SSG shall obtain the approval of MOFTEC with respect to the industrial policies of foreign investment and the change of the nature of the enterprise involved in this Acquisition; and

- (d) the Acquirer shall obtain the approval of CSRC with respect to the general offer waiver involved in this Acquisition.

(10) Other Arrangements

Except for the above provisions in the Share Transfer Agreement, the Acquirer, SSH, SEG Group, SEG and Shenzhen Storage executed the Amendment No.1 to Shareholder Agreement on January 28, 2003 to amend the Shareholder agreement. The Shareholder Agreement and the Amendment No.1 to Shareholder Agreement make the following arrangements with respect to the exercising of voting rights of SSG shares held by the aforesaid parties:

- (a) Directors: after the completion of the share transfer, the Acquirer, SSH, the Transferor and its related parties (i.e., SEG and SEG Storage) shall exercise their voting rights to procure that the board of directors of SSG shall consist of 3 directors collectively nominated by the Acquirer and SSH, 3 directors collectively nominated by the Transferor and its related parties (i.e., SEG and SEG Storage) and 3 independent directors;
- (b) General Managers: SSH, the Transferor and its related parties shall cause the board of directors to (i) appoint a general manager nominated by the Acquirer and SSH (ii) appoint one executive deputy general manager collectively nominated by the Transferor and its related parties (i.e., SEG and SEG Storage); and (iii) appoint one deputy general manager nominated by the Acquirer and SSH. The executive deputy general manager nominated by the Transferor and its related parties (i.e., SEG and SEG Storage) would be responsible for SSG's production, technology, technology renovation and facilities expansion; the deputy general manager nominated by the Acquirer and SSH would be responsible for SSG's planning, finance and (domestic and export) marketing; and the deputy general manager nominated by the Transferor and its related parties (i.e., SEG and SEG Storage) would be responsible for SSG's human resources and procurement;
- (c) Supervisors: the board of supervisors of SSG shall consist of 6 members, including 2 members nominated by the Acquirer and SSH, two 2 members nominated by the Transferor and its related parties (i.e., SEG and SEG Storage), and the others elected by SSG's employees;
- (d) The Share Transfer: before any of the Transferor and its related parties (i.e., SEG and SEG Storage), on the one hand, or any of the Acquirer and SSH, on the other hand, pledges any of its shares in SSG, it shall notify one of the other Parties in writing. After one of the two parties (the "Affected Parties") pledges any of their shares in SSG, if any breach occurs as a result of which the pledgee could possibly exercise its pledge right, the Affected Parties should notify the other Parties (the "Non-affected Parties") in writing within three (3) business days after the occurrence of the breach, and when the

Non-affected Parties are willing to purchase the pledged shares, shall make its best efforts to assist the Non-affected Parties to negotiate with the pledgee to purchase such pledged shares. Within three (3) business days after any one of the Parties learns that any of its shares in SSG are frozen by a court or any authorities exercising similar rights or are going to be auctioned to any third party or otherwise disposed of by a court or any authorities exercising similar rights, it shall notify any of the other Parties in writing. If the other Parties are willing to purchase such shares, it shall use its best efforts to facilitate the other Parties to negotiate with the creditor and the court or the relevant authorities to purchase such shares.

- (e) SSG's Expansion: the Transferor and its related parties (e.g., SEG and SEG Storage), the information disclosure obligor and SSH have reach an agreement on SSG's expansion, and agree to jointly procure SSG to submit to relevant banks applications for loans to fund the expansion plan in a timely manner.

III. THE ACQUIRER'S TRADING OF SSG'S LISTED SHARES WITHIN SIX MONTHS PRIOR TO SUBMISSION OF THIS REPORT

The Acquirer and its related parties have not traded SSG's listed shares within 6 month prior to submission of this report. The Acquirer's directors, supervisors, high level officers (or major responsible persons) and the lineal relatives of the aforesaid person have not traded SSG's listed shares within 6 month prior to submission of this Report.

IV. MATERIAL TRANSACTIONS BETWEEN ACQUIRER AND SSG OR SSG'S RELATED PARTIES

A. Material Related Parties Transactions between the Acquirer and SSG

On December 13, 2001, the Acquirer and the Bank of China, Shenzhen Branch, entered into a Guarantee Agreement ([2001] Zhen Zhong Yin Si Bao Zi Di No. 0239), under which, the Acquirer agreed to assume 30% liabilities, jointly and severally, under the balance of loans in the amount of USD 87,434,641.24 owed by SSG to the Bank of China, Shenzhen Branch, and the interests, potential default penalties and creditor collection costs thereof as of October 22, 2001.

B. Material Transactions between the Acquirer and Shenzhen SEG Samsung Industry Co., Ltd. ("SSI")

SSI, an affiliate of SSG, is a Sino-foreign joint venture, in which SEG Group holds 40% shares, SEG holds 30 % shares and SSH holds 30% shares thereof.

On December 20, 2001, the Acquirer and the Bank of China, Shenzhen Branch, entered into a Gurantee Agreement ([2001] Zhen Zhong Yin Si Bao Zi Di No. 0241), under which, the Acquirer agreed to assume 30% liabilities, jointly and severally, under the balance of loans in the amount of USD 8.75 million owed by SSI to the Bank of China, Shenzhen Branch, and the interests, potential default penalties and creditor collection costs thereof as of November 1, 2001.

C. Material Transactions between SSC and SSG

1. Technology Transfer and License Agreement

On June 26, 1998 SEG Zhongkang (the predecessor of SSG) entered into a Technology Transfer and License Agreement with SSC (hereinafter referred to as the "TCA"). It is agreed in the TCA as follows: SSC shall grant to SSG a non-transferable and non-assignable, non-exclusive license to use certain technical assistance and know-how in relation to the production of color cathode ray tube glass for manufacturing color television and color display. Based upon the Registration Certificate of Technology Transfer and Equipment Import Contract dated July 9, 1998, the TCA was registered upon examination by Shenzhen Trade Development Bureau and became effective as of the date of the issuance of such certificate.

On July 16, 1998, SEG Zhongkang and SSC entered into an amendment to the TCA. On October 15, 1998, SSG and SSC entered into the second amendment to the TCA. On October 26, 2001, SSG and SSC entered into the third amendment to the TCA. On December 26, 2001, SSG and SSC entered into the fourth amendment to the TCA. On January 28, 2003, SSG and SSC entered into the fifth amendment to the TCA which is to be approved by SSG's shareholders' general meeting.

2. Ongoing Service Agreement

On January 1, 2001, SSG and SSC entered into the Ongoing Service Agreement. This agreement was registered upon examination by Shenzhen Trade Development

Bureau and became effective as of the date of the issuance of such certificate.

D. Others

1. Other than the above-mentioned agreements, within twenty-four (24) months before this Report is issued, there is no transaction whose aggregate amount is more than RMB thirty (30) million yuan or five percent (5%) of the net asset value listed on the latest audited consolidated financial report of SSG between the Acquirer, its directors, supervisors, high level officers (or main responsible persons), on one hand, and SSG, or other related parties, on the other hand;
2. Other than the above-mentioned agreements, there is no transaction whose aggregate amount is more than RMB fifty thousand (50,000) yuan between the Acquirer, its directors, supervisors, high level officers (or main responsible persons) on one hand, and SSG's directors, supervisors, and high level officers, on the other hand within 24 months from the date this Report is issued;
3. Other than the above-mentioned agreements, the Acquirer, its directors, supervisors, and high level officers (or main responsible persons) have no any compensation or similar arrangements, with the SSG's directors, supervisors, high level officers who will possibly be replaced within 24 months from the date this Report is issued;
4. Other than the above-mentioned agreements, there is no other contract, understanding or arrangement signed or negotiated between the Acquirer and any third party which will have material impact on SSG within 24 months from the date this Report is issued.

V. FINANCIAL SOURCE OF THE ACQUISITION FUND

Based on the Share Transfer Agreement, the purchase price for the shares to be transferred shall be RMB 237,170,438.00. The Acquirer shall pay such price to the Transferor in United States Dollars in an amount as to be converted using the medium foreign currency exchange rate published by the People's Bank of China on the date on which the Transferee deposits such amount to the designated account;

As of the recent period from December 31, 2002 to January 27, 2003, the Acquirer's cash savings in the banks in Malaysia are not lower than USD 22.9 million (in USD or RM) and the credit line granted by the banks in Malaysia is not lower than USD 57 million (in USD or RM).

VI. ONGOING PLAN OF THE ACQUIRER

The Acquirer's ongoing plan of acquisition includes:

- A. The Acquirer currently has no plan to continuously acquire the shares of SSG or to dispose of the shares held by it;
- B. The Acquirer plans to relocate SSG to Shenzhen Grand Industrial Area and expand its production scale by two to three times;
- C. The plan of the Acquirer to dispose of the substantial assets or debts of SSG and other material similar plan include: pursuant to the Share Transfer Agreement, SEG Group will preferentially use the purchase price to repay its debts owed to SSG;
- D. The Acquirer will nominate Mr. Lee Byung Rai as the candidate for director and general manager of SSG. Mr. Lee Byung Rai was born on January 22, 1952. He graduated from Hanyang University in February 1977. He joined Samsung Corning in 1976 and was appointed as manager of Product Technology Department of Suwon. In December 12, 1996, he was assigned to take in charge of the product group of Gumi Plant. In September 1998, he was assigned to Samsung Corning (M) Sdn. Bhd. to serve as its executive director.

Other than the above nomination, the Acquirer does not have any plan for the time being to adjust the board of directors, general managers, and the board of supervisors.

- E. Other than an expansion work team to be established by SSG pursuant to its expansion plan, the Acquirer currently has no other plan to significantly adjust the organization of SSG for the time being;
- F. The Acquirer has agreed with Transferor regarding the draft of the Amendment to the Articles of Association of SSG (the draft of Amendment is attached hereto as Appendix 1);
- G. The Acquirer and other shareholders entered into the Amendment No.1 to Shareholder Agreement regarding the other shares, assets, debts and businesses of SSG as follows:

The Transferor and its related parties (i.e., SEG and SEG Storage) ("SEG Parties"), on one hand, and SSH and the Acquirer ("Samsung Parties"), on the other hand, agree that, upon the completion of the share transfer, SEG Parties (or their nominees), on one hand, and Samsung Parties (or their nominees), on the other hand shall assume respectively the related guarantee obligations for each and every SSG loans listed in Schedule 6 of the Share Transfer Agreement ("SSG Loans"). After the execution of the Share Transfer Agreement, SEG Parties and Samsung Parties shall enter into a separate assumption agreement with the

relevant banks for each and every SSG Loans above and shall assume respectively the guarantee obligations for 50% of each of the SSG Loans listed in Schedule 6 of the Share Transfer Agreement according to the requirements of the banks. The afore-mentioned agreement will become effective upon the completion of the share transfer.

H. The Acquirer has no other plan that may have material effect on SSG for the time being.

VII. ANALYSIS OF IMPACT ON THE LISTED COMPANY

A. Independency of SSG

1. Upon the completion of this Acquisition, SSG's related assets are independent from the Acquirer and its related parties;
2. SSG is a manufacturing enterprise, which has independently entered into agreements relating to material supply, manufacturing and sales with other companies or enterprises in accordance with laws and has its own and independent supply, manufacturing and sales systems.
3. SSG's personnel are independent from the Acquirer and its related parties. SSG has executed the labor contracts with its employees. The employees are subject to the administration of SSG and SSG pays the salary to the employees.
4. SSG's institutions are independent. According to the Company Law and SSG's Articles of Association, SSG has its shareholders' meeting, the Board of Directors, the Board of Supervisors, and general managers. It has a sound corporate governance structure which is independent from the Acquirer and its related parties.
5. SSG's has an independent accounting system. It has independent financial department, independent financial control system, and sound and independent accounting system. It opens and maintains independent bank accounts and does not hold any joint bank account with the Acquirer and its related parties. In addition, SSG can make independent financial decisions and pay the taxes independently according to laws.
6. SSC and SSG have continuous related party transactions on technology transfer and license. The Acquirer will adopt effective measures to minimize such related party transactions.

B. Affiliate Competition

The Acquirer and its related parties may compete with SSG on certain products both in and outside of the PRC. Because the products sold by the Acquirer and its related parties are different from those of SSG, and the export of the products of the Acquirer and its related parties is levied customs duties by the customs of the PRC, the products of the Acquirer and its related parties have no competitive advantages over the products of SSG. The Acquirer will adopt effective measures to avoid or eliminate such competition.

VIII. FINANCIAL INFORMATION OF ACQUIRER

BALANCE SHEET AS AT 31 DECEMBER 2002

	<u>2002 (unaudited)</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
	RM	RM	RM	RM
NON CURRENT ASSET				
Property, plant and equipment	<u>473,496,696</u>	<u>560,721,819</u>	<u>424,036,733</u>	<u>476,493,907</u>
Pre-operating expenditure			-	<u>275,020</u>
CURRENT ASSETS				
Inventories	63,550,986	77,428,871	72,493,428	49,907,637
Trade debtors			25,130,863	25,716,578
Other debtors			1,297,271	1,107,918
Prepayments and deposits			3,718,149	4,039,042
Amount due from corporate shareholder			26,746,753	31,358,529
Debtors	87,457,297	84,520,062		
Deposits with licensed banks	28,400,000	-	13,050,000	1,900,000
Cash and bank balances	<u>59,321,000</u>	<u>8,731,991</u>	<u>7,813,563</u>	<u>21,992,100</u>
	<u>238,729,483</u>	<u>170,680,924</u>	<u>150,250,027</u>	<u>136,021,804</u>
CURRENT LIABILITIES				
Creditors	34,055,208	38,558,163		
Borrowings	125,056,476	101,355,169		
Taxation	-	<u>4,767,389</u>		
Trade creditors			3,223,283	4,571,358
Trade accruals			21,579,554	27,199,571
Interest accruals			6,484,853	9,257,827
Other creditors			323,074	813,377
Amount due to holding company			25,460,754	15,964,475
Amount due to a related company			6,379,861	6,864,475
Short term borrowings			23,293,230	28,948,763
Provision for taxation			<u>14,964,374</u>	<u>1,066,969</u>
	<u>159,111,684</u>	<u>144,680,721</u>	<u>101,708,983</u>	<u>94,686,815</u>
NET CURRENT ASSETS	<u>79,617,799</u>	<u>26,000,203</u>	<u>48,541,044</u>	<u>41,334,989</u>
NON CURRENT LIABILITIES				
LONG TERM LOANS			<u>258,400,000</u>	<u>432,900,000</u>

			<u>214,177,777</u>	<u>85,203,916</u>
Borrowings	<u>127,000,000</u>	<u>300,800,000</u>		
	<u>426,114,495</u>	<u>285,922,022</u>		
CAPITAL AND RESERVES				
Share capital	142,207,402	142,207,402	142,207,402	142,207,402
Retained earnings / (accumulated losses)	<u>283,907,093</u>	<u>143,714,620</u>	<u>71,970,375</u>	<u>(57,003,486)</u>
Shareholders' equity	<u>426,114,495</u>	<u>285,922,022</u>	<u>214,177,777</u>	<u>85,203,916</u>

**CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002**

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial year	164,107,220	71,744,245	128,973,861	100,522,654
Adjustment for:				
Depreciation charge	104,286,082	97,499,897	90,321,952	91,352,088
Write-off of pre-operating expenses			275,020	324,015
Unrealised foreign exchange loss/ (gain)	35,608	(114,766)		
Gain on disposals of property, plant and equipment	(926,907)	(6,501,589)	(133,018)	(34,240)
Write-offs of property, plant and equipment	4,575,123	2,085,037		
Club membership write down	40,000	-		
Fixed assets written off			14,143,700	3,636,952
Interest expense	11,688,055	19,007,012	27,692,370	48,802,994
Interest income	(289,635)	(233,696)	(574,163)	(954,586)
Taxation	(4,766,689)	3,123,700	13,897,405	660
	278,748,857	186,609,840	274,597,127	243,650,537
Increase/ (decrease) in inventories	13,877,885	(4,935,443)	(22,585,791)	16,345,126
Increase in debtors	(2,972,425)	(52,072,443)	717,255	(1,665,645)
(Decrease) / increase in creditors	(4,243,870)	4,300,554	(7,458,395)	3,976,314
Increase in amount due to holding company			9,496,279	10,868,914
Decrease / (increase) in amount due from corporate shareholder			4,611,776	(4,148,869)
(Decrease) / increase in amount due to related company			(484,614)	570,058
Cash generated from operations	285,410,447	133,902,508	258,893,637	269,596,435
Tax paid	(700)	(13,320,685)	-	(660)
Net cash flow from operating activities	<u>285,409,747</u>	<u>120,581,823</u>	<u>258,893,637</u>	<u>269,595,775</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions of property, plant and equipment	(22,788,375)	(239,805,056)	(52,994,581)	(22,721,726)
Proceeds from disposal of property, plant and equipment	2,079,199	10,154,550	1,119,121	1,957,667
Interest received	<u>284,825</u>	<u>233,696</u>	(574,163)	(954,586)

Net cash flow from investing activities	<u>(20,424,350)</u>	<u>(229,416,810)</u>	<u>(51,301,297)</u>	<u>(19,809,473)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	30,400,000	185,200,000		
Repayment of term loan			(2000,500,000)	(294,300,001)
Proceeds from short term borrowings			20,344,467	282,754
Proceeds from long term borrowings			-	76,000,000
Repayment of borrowings	(180,498,692)	(64,738,061)		
Interest paid	(11,982,748)	(23,758,524)	<u>(30,465,344)</u>	<u>(53,283,621)</u>
Dividend paid	<u>(23,914,748)</u>	-		
Net cash flow from financing activities	<u>(185,996,188)</u>	<u>96,703,415</u>	<u>(210,620,877)</u>	<u>(271,300,868)</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	78,989,209	(12,131,572)	(3,028,537)	(21,514,566)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>8,731,991</u>	<u>20,863,563</u>	<u>23,892,100</u>	<u>45,406,666</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>87,721,200</u>	<u>8,731,991</u>	<u>20,863,563</u>	<u>23,892,100</u>
Cash and equivalents comprise:				
Deposits with licensed banks	28,400,000	-		
Cash and bank balances	<u>59,321,000</u>	<u>8,731,991</u>		
	<u>87,721,200</u>	<u>8,731,991</u>		
The currency exposure profile of cash and bank balances is as follows:				
-Ringgit Malaysia	78,870,225			
-US Dollar	<u>8,850,975</u>			
	<u>87,721,200</u>			
The weighted average interest rate of bank balances that was effective during the financial year was as follows:				
	<u>2002</u>	<u>2001</u>		
	%	%		
Bank balances	2.75% to 3.20%	-		

The data in the above financial statements are extracted from the audited reports for the last three years (1999, 2000 and 2001) issued by PricewaterhouseCoopers.

Such audited reports were qualified by the following statements: the financial statements of the last three years audited by PricewaterhouseCoopers were prepared in accordance with the auditing standards in Malaysia. Those standards require that the auditor should plan and perform the auditing to obtain reasonable assurance about whether the financial statements are free of material misstatement. An auditing includes examining evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement representations.

The auditor gave the following opinions regarding the financial statements of the last three years in such audited reports:

1. The financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and the accounting standards in Malaysia so as to give a true and fair view of:
 - (1) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (2) the state of affairs and results of the Company as at December 31, 1999, December 31, 2000, and December 31, 2001 and cash flows of the Company for the financial years ended on those dates.
2. The accounting and other records and the registrations required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the above Act.

IX. OTHER MATERIAL ISSUE

A. SCM

I, as well as the institution I represent, undertake that this Summary do not contain any fraudulent, or misleading statement or material omission, and will be responsible for, jointly and severally, the truthfulness, accuracy and integrality of this Summary.

SAMSUNG CORNING (MALAYSIA) SDN BHD

By: _____

Name: Byung Rai Lee

Title: Director of SCM

Dated: January 28, 2003

B. SSH

I, as well as the institution I represent, undertake that this Summary do not contain any fraudulent, or misleading statement or material omission, and will be responsible for, jointly and severally, the truthfulness, accuracy and integrality of this Summary.

SSH LIMITED

By: _____

Name: Yong-Ro Song

Title: Authorized Representative

Dated: January 28, 2003

X. DOCUMENTS TO BE CHECKED

- A. The business registration certificates of SCM and SSH;
- B. List and ID certificates of the directors of SCM;
- C. Relevant decisions regarding this Acquisition made by SCM;
- D. SCM's audited financial reports of 1999-2001 and non-audited financial report of 2002;
- E. Document evidencing fund sources of this Acquisition;
- F. Agreements and contracts entered into and to be performed between SCM and its related parties, on one hand, and SSG and its related parties, on the other hand within 24 months from the date this Report is executed:
 - 1. TCA and its amendments;
 - 2. Ongoing Service Agreement;
 - 3. Guarantee Agreement ([2001] Zhen Zhong Yin Si Bao Zi No. 0241)
 - 4. Guarantee Agreement ([2001] Zhen Zhong Yin Si Bao Zi No. 0239)
- G. Other legal documents relating to this Acquisition
 - 1. Share Transfer Agreement
 - 2. Shareholder Agreement and Amendment No. 1 to Shareholder Agreement;
- H. The list of the directors, supervisors, senior management personnel (or major responsible persons) of SCM and the lineal relatives of the above persons and the statements and evidences on SCM and the above persons' shareholdings or trading of the Listed Company's shares within 6 months before the documents are submitted;
- I. The Acquirer currently has no other plans that may have material effect on the Listed Company.

This Report and the above documents to be checked can be found at: Shenzhen Stock Exchange.

This Report is disclosed at the website: