CSG TECHNOLOGY HOLDING CO., TLD.

FIRST QUARTERLY REPORT 2003

CEO: Zeng Nan

April 2003

CSG TECHNOLOGY HOLDING CO., LTD.

FIRST QUARTERLY REPORT 2003

I Import Notes

i 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.

ii Director Zhou Daozhi and director Sun Chengming authorized Long Long and Zeng Nan to vote on behalf of them by written form.

iii The first quarterly financial report of 2003 has not been audited.

iv Chairman of the Board of the Company Mr. Cheng Chao, CEO Mr. Zeng Nan and Chief Financial Supervisor Ms. Sun Jingbo hereby confirm that the Financial Report of the First Quarterly Report is true and complete.

v This Report is prepared both in Chinese and in English. Should there be any difference in interpretation of the text between the two versions, the Chinese version shall prevail.

II Company Profile

i Basic information of the Company

Short form of the stock	Southern Glass Technology / Southern Glass B	
Stock code	000012 / 200012	
	Secretary of the Board of directors	Authorized representative in charge of securities affairs
Name	Wu Guobin	Zhang Zhiping
Address	CSG Building, No. 1, 6th Industrial Road, Shekou, Shenzhen, P.R.China	
Telephone	0755-26860666	0755-26860666
Fax	0755-26692755	0755-26692755
E-mail	szcsgcsg@public.szptt.net.cn	szcsgcsg@public.szptt.net.cn

ii Financial Information

(ii) Main accounting data financial indexes (Unit: RMB'000)

	At the period-end	At the end of 2002	Increase/decrease from the end of 2002 (%)
Total assets	3,126,150	2,978,128	4.97
Shareholders' equity	2,047,748	2,011,116	1.82
Net assets per share	RMB 3.02	RMB 2.97	1.68
	In the report period	**From year-begin to the period-end**	**Increase/decrease from the same period of previous year (%)**
Net cash flow from operating activities	17,101	17,101	314.94
Earning per share	RMB 0.05	RMB 0.05	25.00
Return on equity (%)	1.79	1.79	23.45

(ii) Statement of profit

CSG TECHNOLOGY HOLDING CO., LTD.
CONSOLIDATED INCOME STATEMENT
FOR THE FIRST QUARTERLY ENDED 31 MARCH 2003

	The 1st quarterly of 2003 RMB'000	The 1st quarterly of 2002 RMB'000
Sales	244,671	216,418
Cost of sales	(151,802)	(134,249)
Gross profit	(92,869)	82,169
Other operating income	700	3,140
Distribution costs	(20,476)	(15,932)
Administrative expenses	(24,344)	(30,491)
Other operating expenses	(125)	(1,533)
Profit from operations	48,624	37,353
Finance costs, net	(5,956)	(5,438)
Profit before tax	42,668	31,915
Income tax expense	(3,266)	(2,247)
Profit after tax	39,402	29,668
Minority interests	(2,756)	(1,137)
Net profit	36,646	28,531
Earnings per share	RMB 0.05	RMB 0.04

iii In the report period, the Company had totally 61,313 shareholders, including 25,934 shareholders of A-share and 35,379 shareholders of B-share.

III Discussion and analysis of the operation

i Brief of analysis of the whole situation of operation activities of the Company in the report period.

During January to February 2003, as a result of periodic off-season of glass industry, the output and sale quantity of the glass industry had a downtrend in whole country. The price of some kinds of products rose again and the market became better. In the face of that situation, the Company got favorable benefit through controlling the cost, improving product's quality continually, developing new products & market actively. In the first quarter of 2003, the company realized income of main business RMB 244.67 million and realized net profit 36.65 million, which increased separately 13.05% and 28.44% over the corresponding period of last year.

(i) Industry or product of main business which taking 10% of income or total profit from main business

√ Applicable ☐Non-applicable

Industry	Income RMB'000
Glass products	222,813

(ii) Features of the periodicity and seasonal of the Company's operation

√ Applicable ☐Non-applicable

There is periodic off-season for architectural glass around Spring Festival every year.

(iii) Profit composing in the report period (explanation on significant change and the changing reason of the proportion of main business profit, other business profit, period cost, investment income, allowance income and net non-business income/lost in the total profit compared with the previous report period)

☐Applicable √ Non-applicable

(iv) Explanation of reason of significant change of main business and its structure compared with the previous report period

☐Applicable √ Non-applicable

(v) Explanation of reason of significant change of profitability capability of main business (gross profit radio) compared with the previous year

☐Applicable √ Non-applicable

ii Explanation and analysis of significant events and its effect as well as its counter measure

√ Applicable ☐Non-applicable

The 5th meeting of the 3rd Board of Directors discussed and adopted Proposal on Changing of company's name of CSG and Proposal on Amendment of Article of Association. The aforesaid proposals were adopted on the 1st temporary Shareholders' General Meeting in 2003 and were published on Securities Times, China Securities and Ta Kung Pao dated separately Jan. 24 and Mar. 1, 2003.

iii Explanation on the change of accounting policy, accounting estimate and consolidation scope as well as the reason for significant accounting false

√ Applicable ☐Non-applicable

In comparison with 2002, China Southern Glass (Hong Kong) Ltd. was included the consolidation scope. The Company invested and set up China Southern Glass (Hong Kong) Ltd. in the report period.

iv Explanation of the Board of Directors and the Supervisory Committee on the "Non-standard Opinion" after audited.

☐Applicable √ Non-applicable

v Caution and explanation of reason of forecasting a possible loss in accumulated net profit from the year-begin to the end of next report period or significant change of accumulated net profit in comparison with the same period in last year.

☐Applicable √ Non-applicable

vi Adjustment on the disclosed annual operating plan or budget

☐Applicable √ Non-applicable

Board of Directors of
CSG Technology Holding Co., Ltd.
Apr. 24, 2003

CSG TECHNOLOGY HOLDING CO., LTD.

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CSG TECHNOLOGY HOLDING CO., LTD.

CONSOLIDATED BALANCE SHEET
AS OF 31 MARCH 2003

	Mar. 31, 2003 RMB'000	Dec. 31, 2002 RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,053,989	1,692,554
Construction-in-progress	176,820	454,615
Land use rights	103,604	89,243
Intangible assets	(7,163)	(7,089)
Available-for-sale investments	8,727	8,663
Deferred tax assets	446	446
	2,336,423	2,238,432
Current assets		
Inventories	105,350	93,819
Properties held for sale	245,594	246,972
Trade receivables	187,450	172,000
Other receivables and prepayments	83,302	38,827
Cash and cash equivalents	168,031	188,078
	789,727	739,696
Total assets	3,126,150	2,978,128
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	676,975	676,975
Reserves	1,145,488	1,145,502
Retained earnings	225,285	188,639
	2,047,748	2,011,116
Minority interests	78,791	76,035
Non-current liabilities		
Borrowings	50,000	50,000
Current liabilities		
Trade and other payables	320,771	273,473
Current tax liabilities	13,273	7,770
Borrowings	615,567	559,734
	949,611	840,977
Total equity and liabilities	3,126,150	2,978,128

CSG TECHNOLOGY HOLDING CO., LTD.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE FIRST QUARTERLY ENDED 31 MARCH 2003

	The 1st quarterly of 2003 RMB'000
Cash flows from operating activities	
Cash generated from operations	23,594
Interest paid	(5,783)
Income tax paid	(710)
Net cash from operating activities	17,101
Cash flows from investing activities	
Purchase of property, plant and equipment	(92,015)
Purchase of land use rights	(563)
Interest received	187
Net cash used in investing activities	(92,391)
Cash flows form financing activities	
Proceeds from borrowings	370,993
Repayments of borrowings	(315,160)
Capital contributed by minority shareholders of subsidiaries	(630)
Pledged bank deposits withdrawn	(1,408)
Net cash generated from (used in) financing activities	53,795
Effect of exchange rate changes	40
Net decrease in cash and cash equivalents	(21,455)
Cash and cash equivalents at beginning of year	179,865
Cash and cash equivalents at end of year	158,410