CSG HOLDING CO., LTD.

2003 ANNUAL REPORT SUMMARY

CEO:ZENG NAN

March 2004

CSG Holding Co, Ltd.
2003 Annual Report Summary

§1 Important Notes

1.1 The Board of Directors of CSG Holding Co., Ltd. (hereinafter referred to as the Company) hereby confirms that there are no important omissions, fictitious statements or serious misleading information carried in this report, and shall take all responsibilities, jointly and severally, for the truthfulness, accuracy and completeness of the whole contents. The 2003 annual report summary is abstracted from the full text of annual report. And the investors are suggested to read the full text of annual report to understand more details.

1.2 No director stated that they couldn't ensure the correctness, accuracy and completeness of the contents of the Annual Report or have objection for this report.

1.3 All directors attended the Board meeting.

1.4 Pricewaterhouse Coopers CPAs issued standard unqualified Auditor's Report for the Company.

1.5 Chairman of the Board of the Company Mr. Chen Chao, CEO Mr. Zeng Nan and Chief financial supervisor Ms. Sun Jingbo hereby confirm that the Financial Report of the Annual Report is true and complete.

§2 Company Profile

2.1 Basic information

Short form of stock	Southern Glass A, Southern Glass B
Stock code	000012, 200012
Listed stock exchange	Shenzhen Stock Exchange
Registered address and office address	CSG Building, No.1, 6th Industrial Road, Shekou, Shenzhen, China
Post code	518067
Internet web site	http://www.csgholding.com
E-mail	nbdnb@public.szptt.net.cn

2.2 Contact person and method

	Secretary of the Board of Directors	**Representative in charge of Securities Affais**
Name	Wu Guobin	Li Tao
Address	CSG Building, No.1, 6th Industrial Road, Shekou, Shenzhen, China	CSG Building, No.1, 6th Industrial Road, Shekou, Shenzhen, China
Telephone	(86)755-26860666	(86)755-26860666
Fax	(86)755-26692755	(86)755-26692755
E-mail	szcsgcsg@public.szptt.net.cn	szcsgcsg@public.szptt.net.cn

§3 Summary of Accounting Data and Financial Indexes

3.1 Major accounting data

Unit: RMB'000

	2003	2002	Increase/Decrease over last year (%)	2001
Sales	1,320,900	1,047,831	26.06	1,016,561
Gross profit	475,369	394,317	20.56	364,341
Net profit	202,632	162,802	24.47	153,207
	At the end of 2003	**At the end of 2002**	**Increase/Decrease from the end of previous year (%)**	**At the end of 2001**
Total assets	3,526,990	2,978,128	18.43	2,687,912
Shareholders' equity	2,132,202	2,011,116	6.02	1,936,768
Net cash from operating activities	394,075	284,365	38.45	306,005

3.2 Major financial indexes

Unit: RMB

	2003	2002	Increase/Decrease over last year (%)	2001
Earnings per share	0.30	0.24	25.00	0.23
Return on equity (%)	9.50	8.10	17.28	7.91
Net cash flows from operating activities per share	0.58	0.42	38.10	0.45
	At the end of 2003	**At the end of 2002**	**Increase/Decrease from the end of previous year (%)**	**At the end of 2001**
Equity per share	3.15	2.97	6.06	2.86

3.3 Difference on net profit as audited by Chinese Accounting Standard (CAS) and International Accounting Standard (IAS)

√ Applicable ☐ Inapplicable

Unit: RMB'000

	CAS	IAS
Net profit	203,910	202,632
Explanation on difference	Recognition of deferred income tax 481 Derecognition of long-term deferred expenses (3,638) Recognition of sales of properties based on transfer of title 1,879	

§4 Changes in Share Capital and Particulars about Shareholders

4.1 Statement of change in share capital

Unit: Share

	Before the change	Increase/Decrease in this time	After the change
I Unlisted shares			
i Promoters' shares	242,326,589	0	242,326,589
Including: State-owned shares		0	
Domestic legal person's shares	242,326,589	0	242,326,589
Foreign legal person's shares		0	
Others		0	
ii Raised legal person's shares	28,430,284	0	28,430,284
iii Inner employees' shares		0	
iv Preference shares or others		0	
Total unlisted shares	270,756,873	0	270,756,873
II Listed shares			
i Ordinary RMB shares	107,165,997	0	107,165,997
ii Domestically listed foreign shares	299,052,546	0	299,052,546
iii Overseas listed foreign shares		0	
iv Others		0	
Total listed shares	406,218,543	0	406,218,543
III Total shares	676,975,416	0	676,975,416

4.2 Statement of shares held by the top ten shareholders and the top ten shareholders of circulating share

Total number of shareholders at the end of the year	59,554					
Particulars about shares held by the top ten shareholders:						
Name of shareholders	**Increase/Decrease in the report year (share)**	**Holding shares at the year-end (%)**	**Proportion (%)**	**Type of share**	**Share pledged/frozen (share)**	**Nature of shareholders**
Yiwan Industial Development (Shenzhen) Co., Ltd.	0	87,898,367	12.98	Non-circulating	0	
China Northern Industry Shenzhen Corporation	0	87,175,364	12.88	Non-circulating	0	
Xin Tong Chan Development (Shenzhen) Co., Ltd.	0	76,204,633	11.26	Non-circulating	0	
China Merchants (Glass Industry) Holding Co., Ltd.	-202,304	11,015,268	1.63	Circulating	Unknown	Foreign shareholder
Shenzhen Jun An Securities Co., Ltd.	0	5,878,371	0.87	Non-circulating	0	
Deutsche Bank AG London	Unknown	5,605,240	0.83	Circulating	Unknown	Foreign shareholder
China Merchants Securities Co., Ltd.	0	3,808,883	0.56	Non-circulating	0	
San Xia Securities Co., Ltd.	0	3,721,727	0.55	Circulating	Unknown	
Btfe-Value Partners Intelligent FD-China B SHS FD	Unknown	3,569,016	0.53	Circulating	Unknown	Foreign shareholder
Nomura TB / Nomura ITM	Unknown	2,820,000	0.42	Circulating	Unknown	Foreign shareholder
Explanation on associated relationship among the top ten shareholders or consistent action		The existed the associated relationship between Yiwan Industial Development (Shenzhen) Co., Ltd. and Xin Tong Chan Development (Shenzhen) Co., Ltd., which controlled by Shenzhen International Holdings Ltd.. Except for this, there existed no associated relationship among the other shareholders.				

Particulars about shares held by the top ten shareholders of circulating share:		
Name of shareholders	**Holding circulating share at the year-end (share)**	**Type**
China Merchants (Glass Industry) Holding Co., Ltd.	11,015,268	B 股
Deutsche Bank AG London	5,605,240	B 股
San Xia Securities Co., Ltd.	3,721,727	A 股
Btfe-Value Partners Intelligent FD-China B SHS FD	3,569,016	B 股
Nomura TB / Nomura ITM	2,820,000	B 股
Shanghai (HK) Wanguo Securities Co., Ltd.	2,374,628	B 股
DZ BK IntlSA A/C Union Investment Lux SA S/A Uniem Fernost	2,100,000	B 股
Barings (Ireland) SA The Atlantis China Fund PLC	1,999,927	B 股
PICTET & CIE	1,550,000	B 股
Merrill Lynch International	1,500,000	B 股
Explanation on associated relationship among the top ten shareholders of circulating share	Among the top ten shareholders of circulating share, the Company is unknown whether there exists associated relationship, or whether the rest shareholders belong to the consistent actionist regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Company.	

4.3 Particulars about holding shareholders and actual controller of the Company

4.3.1 Particulars about change in holding shareholders and actual controller of the Company
□ Applicable √ Inapplicable

4.3.2 Introduction of especial situation for holding shareholder and other actual controller

Introduction of shareholders holding no less than 10% of total shares of the Company:

a. *Yiwan Industrial Development (Shenzhen) Co., Ltd.* was founded on 13 September 1994, which is a wholly owned subsidiary of Shenzhen International Holdings Limited. Its registered capital is HKD 20 million.
Legal representative: Chen Chao
Business scope: Manufacture and operation of construction material, decoration material, new-style macromolecular material, energy saving electromechanical products, refining chemical industry products and etc.

b. *China Northern Industry Shenzhen Corporation* was founded on 22 May 1981, which is a wholly owned subsidiary of China Northern Industry Corporation. Its registered capital is RMB 124.85 million.
Legal representative: Jiao Zhiren
Business scope: Domestic trading, supply and marketing of materials, storage and etc.

c. *Xin Tong Chan Development (Shenzhen) Co., Ltd.* was founded on 8 September 1993, which was wholly owned subsidiary company of Shenzhen International Holdings Co., Ltd..
Legal representative: Chen Chao
Business scope: Consultation of transport information, development of special-purpose software of transport flat and setting up industry.

§5 Director, Supervisor and Senior Executive

5.1 Particulars about changes in shares held by directors, supervisors and senior executives

Name	Title	Sex	Age	Term office	Shares held at the year-begin	Share held at the year-end	Reason of change
Chen Chao	Chairman of the Board	Male	48	2002/5-2005/5	0	0	—
Zeng Nan	Director / CEO	Male	59	2002/5-2005/5	67,680	67,680	—
Long Long	Independent Director	Male	48	2002/5-2005/5	0	0	—
Yan Ganggang	Independent Director	Male	44	2002/5-2005/5	0	0	—
Zhang Jianjun	Independent Director	Male	39	2003/5-2005/5	0	0	—
Zhou Daozhi	Director	Male	54	2002/5-2005/5	0	0	—
Li Jingqi	Director	Male	47	2002/5-2005/5	0	0	—
Ding Jiuru	Director	Male	41	2002/5-2005/5	0	0	—
Liu Jun	Director	Male	40	2002/5-2005/5	0	0	—
Jiao Zhiren	Chairman of the Supervisory Committee	Male	57	2002/5-2005/5	0	0	—
Yang Hai	Supervisor	Male	42	2002/5-2005/5	0	0	—
Sun Jingbo	Chief Financial	Female	41	2002/5-2005/5	24,816	24,816	—
Ke Haiqi	Deputy General Manager	Male	38	2003/1-2005/5	0	0	—
Lu Wenhui	Deputy General Manager	Male	40	2003/1-2005/5	0	0	—
Yuan Dingfu	Deputy General Manager (Supervisor)*	Male	42	2003/11-2005/5	0	0	—
Wu Guobin	Secretary of the Board of Directors	Male	39	2002/5-2005/5	0	0	—

** Mr. Yuan Dingfu has submitted an application to resign the post of Supervisor, which would take effect under the approval of the 2003 Shareholders' General Meeting.*

5.2 Particulars about directors, supervisors holding the post in Shareholding Company

√ Applicable ☐ Inapplicable

Name	Name of Shareholding Company	Title in Shareholding Company	Term office	Drawing the payment from the Company
Chen Chao	Xin Tong Chan Development (Shenzhen) Co., Ltd.	Chairman of the Board	Apr. 1993 to now	No
Chen Chao	Yiwan Industrial Development (Shenzhen) Co., Ltd.	Chairman of the Board	Apr. 2000 to now	No
Li Jingqi	Xin Tong Chan Development (Shenzhen) Co., Ltd.	Director	Sep. 2002 to now	No
Li Jingqi	Yiwan Industrial Development (Shenzhen) Co., Ltd.	Director	Dec. 2003 to now	No
Ding Jiuru	China Northern Industry Shenzhen Corporation	Chief Accountant	Jun. 1998 to now	Yes
Liu Jun	Xin Tong Chan Development (Shenzhen) Co., Ltd.	Director	Sep. 2002 to now	No
Liu Jun	Yiwan Industrial Development (Shenzhen) Co., Ltd.	Director	Apr. 2000 to now	No
Jiao Zhiren	China Northern Industry Shenzhen Corporation	General Manager	Jan. 2000 to now	Yes
Yang Hai	Yiwan Industrial Development (Shenzhen) Co., Ltd.	Director/General Manager	Apr. 2000 to now	Yes
Yang Hai	Xin Tong Chan Development (Shenzhen) Co., Ltd.	Director	Mar. 2001 to now	No

5.3 Particulars about the annual payment of directors, supervisors and senior executives

Unit: RMB'0000

Total annual payment	200.72
Total annual payment of the top three directors drawing the highest payment	0.00
Total annual payment of the top three senior executives drawing the highest payment	123.05
Allowance of independent director	5.00 per person/year
Other treatment of independent director	None
Name of directors and supervisors received no payment or allowance form the Company	Chen Chao, Zhou Daozhi, Li Jingqi, Ding Jiuru, Liu Jun, Jiao Zhiren, Yang Hai
Payment	**Number of person**
50~59	1
30~39	3
20~29	2

§6 Report of the Board of Directors

6.1 Discussion and analysis of the operation

In the first half year of 2003, the demand in national economy was mild and operation was restricted due to the influence of SARS. The price of the Company's main products declined generally. At the same time, the international price of crude oil ascended which influenced by the War of Iraq, and international exchange rate fluctuated acutely. The Company's operating pressure increased suddenly. Facing these negative influences, the Company adjusted product structure actively and persisted in enhancing additional value of products through developing high-tech products, stabilized the confidence, strengthened the preponderant industries, enlarged the productive capability and sped up the construction of those projects newly constructed, organized and managed in scientific and elaborate way, reinforced the cost and expense control. The Company not only dispelled the above negative completely, but also has still kept the steady growth in the achievement. In the second half year of 2003, the country implemented active financial policies continuously and widen the domestic demand, and export increased in a fast way. The national economy recovered quickly and increased strongly. The demand for glass products in the market was prosperous and their prices recovered in a stable way. The Company saw a delightful condition that the production and sales were both prosperous and the main products' supply fell short of demand. The Company's benefits ascended in a large margin. The Company finished the productive & operative targets and tasks in investment & construction for 2003 completely. In the report period, the Company realized net profit more than RMB 200 million, and reached the highest historical level of the Company.

The glass market outlook for 2004 in China, we estimate that it will still keep a relatively high growth speed and the prices of main products shall be relatively stable with good market environment. Thus the Company has established operating management strategy: combines the market demand tightly, adjusts product structure continually, reinforces the development of new products, improves further objective cost management system, controls the cost and expense strictly, speeds the construction of newly projects constructed, cultivates and enhances the core competitiveness continually, catches the advantageous chances, expands market share continually, strengthens the profitability and keeps the Company's continued and rapid development.

6.2 Sales classified according to products:

Unit: RMB'000

	2003	2002
Sales of glass products	1,198,944	947,214
Sales of ceramics products	53,195	44,398
Sales of properties	39,667	42,688
Glass installation service revenue	29,094	13,531
Total	1,320,990	1,047,831

6.3 Sales classified according to location:

Unit: RMB'000

	2003	2002
PRC	1,156,459	806,652
United States	57,492	83,762
Australia	26,847	19,968
Others	80,102	137,449
Total	1,320,990	1,047,831

6.4 Particulars about the customers of purchase and sales

Unit: RMB'0000

Total amount of purchase of the top five suppliers	21,020	Proportion in the total amount of purchase	28.36%
Total amount of sales of the top five sales customers	18,900	Proportion in the total amount of sales	14.21%

6.5 Operation of share-holding companies (applicable to the situation where investment equity takes over 10% of its net profit)

□ Applicable √ Inapplicable

6.6 Explanation on reasons of material changes in main operations and its structure

□ Applicable √ Inapplicable

6.7 Explanation on reasons of material changes in profitability capability of main operations (gross profit ratio) than that in the last year

□ Applicable √ Inapplicable

6.8 Analysis to reasons of material changes in operating results and profit structure compared with the last year

□ Applicable √ Inapplicable

Analysis to reasons of material changes in the whole financial position than that in the last year

□ Applicable √ Inapplicable

6.9 Explanation on the past, current and future important effects of the material changes in production and operation environment, macro-policies and regulations on the Company's financial position and operation results

√ Applicable □ Inapplicable

In the report period, the production environment tends to be favorable, and the microscopic policy and the regulations are relatively stable. It put a positive effect on the achievement increase.

6.10 Completion of the profit estimation

□ Applicable √ Inapplicable

6.11 Completion of the business plan

□ Applicable √ Inapplicable

6.12 Application of the raised proceeds

□ Applicable √ Inapplicable

Particulars about the changed projects

□ Applicable √ Inapplicable

6.13 Application of the proceeds not raised through shares offering

√ Applicable ☐ Inapplicable

Unit: RMB'0000

Projects	Amount	Progress	Earnings
Tianjin Architectural Glass Project	34,000	The projects' construction was basically finished and production lines were still in experiment and adjustment. The project will be put into production totally in the first quarter of 2004.	None
Color Light-filter Glass Project	26,486	The factory building was almost finished. The project will be put into production around July to August in 2004.	None
Construct U type special glass production line	73,000	Majority of the basic engineering of furnace has been completed. The basic construction and installation & adjustment of equipments imported will be completed as a whole in 2004. The project will be put into production gradually from 2005.	None
The 3rd term of Automobile Glass Production Line project	20,000	The factory building was almost finished and parts of the important instruments were in place for adjustment. The project will be put into production around July to August in 2004.	None
Total	153,486	--	--

6.14 Explanation of the Board of Directors on the "Qualified Opinion" made by the CPAs

☐ Applicable √ Inapplicable

6.15 Business plan as of the next year of the Board of Directors

☐ Applicable √ Inapplicable

Profit estimation of the next year

☐ Applicable √ Inapplicable

6.16 The preplan of profit distribution and capitalization of capital public reserve of the Board of Directors

As audited by Pricewaterhouse Coopers Zhong Tian CPAs Co., Ltd., the net profit of the Company was RMB 203,910,236. The Board of Directors proposed to make profit distribution as follows: 10% of the net profit is to be withdrew as statutory common reserve fund amounting to RMB 20,391,546 and 5% of the net profit is to be withdrew as statutory public welfare fund amounting to RMB 10,195,512. Plus RMB 196,331,546 undistributed profit carried down from the previous year and minus the cash dividend RMB 101,546,312 distributed in the last year, the profit available for distribution for shareholders is 268,108,934. Based on the total share capital of 676,975,416 shares at the end of 2003, the dividends will be distributed to the whole Shareholders in cash at the rate of RMB 1.80 for every 10 shares (including tax), and the totally amounts of cash dividends is RMB 121,855,575. The surplus profit will be retained for distribution in future year.

§7 Significant Events

7.1 Purchase of assets

☐ Applicable √ Inapplicable

7.2 Sales of assets

☐ Applicable √ Inapplicable

7.3 Significant guarantees

☐ Applicable √ Inapplicable

7.4 Current related credits and liabilities

☐ Applicable √ Inapplicable

7.5 Entrusted assets management

☐ Applicable √ Inapplicable

7.6 Implementation of commitments

√ Applicable ☐ Inapplicable

a. The estimated profit distribution policy for 2003was disclosed in 2002 Annual Report of the Company. The details is: 20%~50% of the net profit to be realized in the year 2003 will be used for profit distribution, 10%~50% of the undistributed profit at the end of 2002 will be used for profit distribution in the year 2003. In fact, distribution proportion for 2003 proposed by the Board of Directors accords with the estimated profit distribution proposal.

b. The Shareholders holding over 5% shares of the Company made no commitment on the designated in the report period.

7.7 Significant lawsuit and arbitrations

√ Applicable ☐ Inapplicable

The case of the Home of Overseas Chinese between Hainan CSG Industrial Development Co. (hereinafter referred to as Hainan CSG), the Company's wholly owned subsidiary, and Hainan Yuehai Construction Economic Development Company (hereinafter referred to as Yuehai Company) received two judgments from Hainan Provincial High People's Court on 17 December 2003. According to the retrial judgment of the Supreme Court, Hainan Provincial High People's Court made the final judgment for the two cases including Hainan CSG and Yuehai Company, Hainan Zhongda Industrial Development Co., Ltd. (hereinafter referred to as Zhongda Company) and Qiongshan Overseas Chinese Development Construction Company (hereinafter referred to as Overseas Chinese) on the dissension of presale contract of commercial house, Home of Overseas Chinese, according to procedure of trial and supervision. (2003) QMZZZ No.12 Civil Judgment judged Overseas Chinese delivers the corresponding houses of the integrated building in Home of Overseas Chinese to Zhongda Company according to payment for buying houses, RMB 5.21 million paid by Zhongda Company and pays Zhongda Company amount of breaching of faith RMB 0.9 million and amount of refunds advertisement RMB 78,000. The houses that Zhongda Company has attained after applying for execution and conducing the procedure of transferring owner in register over the above amount, Zhongda Company should refund them to Overseas Chinese. The house sold, paid debt in kind to the well-meaning third-person by Zhongda Company and cannot be returned, Zhongda Company should refund the corresponding payment. (2002) QGFMZZZ No.4 Civil Judgment maintained the original trial, namely Yuehai Company should refund payment for buying houses of Hainan CSG amounting to RMB 17,153,423.36 and 70% of the lost interest of the payment. And meanwhile judged Overseas Chinese should undertake repayment responsibilities on the expense that was caused by Yuehai Company's not repaying the debt of Hainan CSG. Whereas Yuehai Company and Overseas Chinese lack seriously of abilities of repaying debt, it is estimated that mostly above payment cannot be received. Against the case, the Company has withdrawn provision of inventory accumulatively amounting to RMB 22.81 million. So the result of execution of the case will not influence on the achievement of the Company in future.

7.8 Particulars about duties performance of Independent Directors

The Board of Directors of the Company engaged three independent directors. The independent directors take no position of any post except the independent director. Since the accession of the independent directors, they implemented the responsibility according to relevant laws and regulations, put toward independent opinion on significant matters such as the assign of senior managers of the Company and safeguarded the interests of the Company and small or medium shareholders.

§8 Financial Report

CSG HOLDING CO., LTD.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	2003 RMB'000	2002 RMB'000
Sales	4	1,320,900	1,047,831
Cost of sales		(845,531)	(653,514)
Gross profit		475,369	394,317
Other operating income		14,742	26,031
Distribution costs		(108,029)	(90,141)
Administrative expenses		(119,023)	(112,167)
Other operating expenses		(9,339)	(6,183)
Profit from operations	5	253,720	211,857
Finance costs, net	6	(20,608)	(17,578)
Profit before tax		233,112	194,279
Income tax expense	8	(17,182)	(17,772)
Profit after tax		215,930	176,507
Minority interests	27	(13,298)	(13,705)
Net profit		202,632	162,802
Earnings per share	9	RMB 0.30	RMB 0.24

CSG HOLDING CO., LTD.

CONSOLIDATED BALANCE SHEET
AS OF 31 DECEMBER 2003

	Notes	2003 RMB'000	2002 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	2,064,436	1,692,554
Construction-in-progress	12	559,601	454,615
Land use rights	13	91,283	89,243
Intangible assets	14	(5,954)	(7,089)
Available-for-sale investments	15	9,078	8,663
Deferred tax assets	23	927	446
		2,719,371	2,238,432
Current assets			
Inventories	16	103,887	93,819
Properties held for sale	17	231,558	246,972
Trade receivables	18	214,317	172,000
Other receivables and prepayments		38,154	38,327
Trading investments		859	500
Cash and cash equivalents	19	218,844	188,078
		807,619	739,696
Total assets		3,526,990	2,978,128
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	24	676,975	676,975
Reserves	25	1,196,089	1,145,502
Retained earnings	26	259,138	188,639
		2,132,202	2,011,116
Minority interests	27	91,272	76,035
Non-current liabilities			
Borrowings	22	163,337	50,000
Current liabilities			
Trade and other payables	20	337,869	273,473
Current tax liabilities	21	18,626	7,770
Borrowings	22	783,684	559,734
		1,140,179	840,977
Total equity and liabilities		3,526,990	2,978,128

CSG HOLDING CO., LTD.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	Share capital RMB' 000	Capital reserve RMB' 000	Statutory common reserve fund RMB' 000	Statutory public welfare fund RMB' 000	Hedging reserve RMB' 000	Exchange reserve RMB' 000	Retained earnings RMB' 000	Total RMB' 000
Balance at 1 January 2002		676,975	927,897	115,803	76,689	-	1,063	138,341	1,936,768
Dividend relating to 2001		-	-	-	-	-	-	(88,007)	(88,007)
Currency translation differences		-	-	-	-	-	(447)	-	(447)
Net profit for the year		-	-	-	-	-	-	162,802	162,802
Appropriation to reserve funds	25	-	-	16,331	8,166	-	-	(24,497)	-
Balance at 31 December 2002 and 1 January 2003		676,975	927,897	132,134	84,855	-	616	188,639	2,011,116
Dividend relating to 2002	10	-	-	-	-	-	-	(101,546)	(101,546)
Capital exchange reserve recognised in current year		-	5	-	-	-	-	-	5
Net fair value gain in current year relating to cash flow hedge		-	-	-	-	19,924	-	-	19,924
Currency translation differences		-	-	-	-	-	71	-	71
Net profit for the year		-	-	-	-	-	-	202,632	202,632
Appropriation to reserve funds	25	-	-	20,391	10,196	-	-	(30,587)	-
Balance at 31 December 2003		676,975	927,902	152,525	95,051	19,924	687	259,138	2,132,202

CSG HOLDING CO., LTD.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	2003 RMB'000	2002 RMB'000
Cash flows from operating activities			
Cash generated from operations	28	434,122	317,815
Interest paid		(23,723)	(24,312)
Income tax paid		(16,324)	(9,138)
Net cash from operating activities		394,075	284,365
Cash flows from investing activities			
Purchase of property, plant and equipment		(599,040)	(467,208)
Purchase of land use rights		(5,626)	(6,206)
Purchase of intangible assets		(185)	(641)
Purchase of trading investments		(359)	-
Purchase of interests in subsidiaries from minority shareholders		-	(3,880)
Proceeds from sale of property, plant and equipment		754	27,000
Interest received		1,345	1,534
Net cash used in investing activities		(603,111)	(449,401)
Cash flows from financing activities			
Proceeds from borrowings		1,841,546	1,324,688
Repayments of borrowings		(1,504,259)	(1,116,717)
Dividends paid to shareholders		(101,146)	(91,050)
Dividends paid to minority interests		(11,653)	(836)
Capital contributed by minority shareholders		13,592	36,221
Pledged bank deposits withdrawn		3,228	10,374
Net cash generated from financing activities		241,308	162,680
Effect of exchange rate changes		1,722	52
Net increase (decrease) in cash and cash equivalents		33,994	(2,304)
Cash and cash equivalents at beginning of year		179,865	182,169
Cash and cash equivalents at end of year	19	213,859	179,865

Board of Directors of
CSG Holding Co., Ltd.
12 March 2004