CSG HOLDING CO., LTD.

SUMMARY of SEMI-ANNUAL REPORT 2004

CEO:ZENG NAN

August 2004

CSG Holding Co, Ltd.
Summary of Semi-annual Report 2004

§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.
This summary is abstracted from the full text of Semi-annual Report 2004, which is published on website (http://www.cninfo.com.cn). And the investors are suggested to read the full text of semi-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 Semi-annual Report or have objection for this report.

1.3 All directors attended the Board meeting.

1.4 The Financial statement in this report is not audited.

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 Statements 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	
	Secretary of the Board of Directors	**Securities Affairs Representative**
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

2.2 Major Financial Data and Indexes

2.2.1 Major accounting data and financial indexes

Unit: RMB'000

	30 June 2004	31 December 2003	Increase/decrease at the end of this report period compared with the year beginning (%)
Current assets	1,083,664	807,619	34.18
Current liabilities	1,563,019	1,140,179	37.09
Total assets	4,232,870	3,526,990	20.01
Shareholders' equity	2,185,840	2,132,202	2.52
Net assets per share (RMB)	3.23	3.15	2.52
	Jan.~Jun. 2004	**Jan.~Jun. 2003**	**Increase/decrease in this report period compared with the same period in last year (%)**
Net profit	187,624	92,512	102.81
Earnings per share (RMB)	0.28	0.14	102.81
Rate of return on equity (%)	8.58	4.34	4.24
Net cash flow from operating activities	250,092	210,820	18.63

2.2.2 Items of non-recurring gains and losses

☐ Applicable √ Inapplicable

2.2.3 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	187,134	187,624
Explanation on difference	Derecognition of deferred pre-operating expenses 467 Recognition of sales of properties based on transfer of title 23	

§3 Changes in Share Capital and Particulars about Shareholders

3.1 Statement of change in share capital

☐ Applicable √ Inapplicable

3.2 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	**Increas Decrease i the repo year (shar**	**Holding shares at the year-end (%)**	**Proportion (%)**	**Type of share**	**Share pledged/ frozen (share)**	**Nature of Share holders**
Yiwan Industrial Development (Shenzhen) Co., Ltd.	0	87,898,367	12.98	Non-circulating	No	
China North Industry Group	87,175,364	87,175,364	12.88	Non-circulating	No	
Xin Tong Chan Development (Shenzhen) Co., Ltd.	0	76,204,633	11.26	Non-circulating	No	
China Merchants (Glass Industry) Holding Co., Ltd.	0	11,015,268	1.63	Circulating	No	Foreign shareholder
Shenzhen Jun An Securities Co., Ltd.	0	5,878,371	0.87	Non-circulating	No	
China Merchants Securities Co., Ltd.	1,454,313	5,263,196	0.78	***(Note)***	No	
Guotai Junan Securities Hong Kong Limited	Unknown	4,997,997	0.74	Circulating	No	Foreign shareholder
An Shun Securities Investment Fund	Unknown	3,999,000	0.59	Circulating	No	
Deutsche Bank AG London	-1,610,877	3,994,363	0.59	Circulating	No	Foreign shareholder
Guangfa Jufu Open Securities Investment Fund	Unknown	3,504,468	0.52	Circulating	No	

Particulars about the shares held by the top ten shareholders of circulating share:		
Name of shareholders	**Holding shares at the year-end (share)**	**Type of shares**
China Merchants (Glass Industry) Holding Co., Ltd.	11,015,268	B-share
Guotai Junan Securities Hong Kong Limited	4,997,997	B-share
An Shun Securities Investment Fund	3,999,000	A-share
Deutsche Bank AG London	3,994,363	B-share
Guangfa Jufu Open Securities Investment Fund	3,504,468	A-share
China Great Wall Securities Co., Ltd.	3,393,921	A-share
Fortis Haitong Income Growing Securities Investment Fund	3,248,540	A-share
Da Cheng Value Growing Securities Investment Fund	3,172,161	A-share
Nomura TB / Nomura ITM	3,000,000	B-share
GTJA Allianz De Sheng Picked Securities Investment Fund	2,876,086	A-share
Explanation on associated relationship or consistent action of above shareholders	Among the above shareholders, there existed the associated relationship between Yiwan Industrial Development (Shenzhen) Co., Ltd. and Xin Tong Chan Development (Shenzhen) Co., Ltd., which were controlled by Shenzhen International Holdings Ltd.. Except for this, 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.	

Note: *Among 5,263,196 shares of the Company held by China Merchants Securities Co., Ltd., 3,808,883 shares is directional domestic legal person's shares; 1,454,313 shares is circulation shares.*

3.3 Change in controlling shareholder and the actual controller

☐ Applicable √ Inapplicable

§4 Director, Supervisor and Senior Executives

4.1 Change of shares held by director, supervisor and senior executives

☐ Applicable √ Inapplicable

§5 Discussion and Analysis of the Management

5.1 Sales classified according to products:

Unit: RMB'000

	Jan.~Jun. 2004	Jan.~Jun. 2003
Sales of glass products	745,644	519,445
Sales of ceramics products	28,648	20,935
Sales of properties	64,443	17,465
Glass installation service revenue	11,512	15,152
Total	850,247	572,997

5.2 Sales classified according to location:

Unit: RMB'000

	Jan.~Jun. 2004	Jan.~Jun. 2003
PRC	634,141	370,315
United States	19,497	27,066
Australia	18,803	14,130
Others	177,806	161,486
Total	850,247	572,997

5.3 Other business with significant influence upon the net profit

☐ Applicable √ Inapplicable

5.4 Situation of associates (applicable to the investment income taking over 10% of the net profit)

☐ Applicable √ Inapplicable

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

☐ Applicable √ Inapplicable

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

√ Applicable ☐ Inapplicable

The prosperous demand made production and sales of products were vigorous, and the price increased obviously over than the same period in last year. At the same time, the Company controlled expense well. So, the net profit had a rapid growth.

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

☐ Applicable √ Inapplicable

5.8 Application of the proceeds raised through shares offering

5.8.1 Application of the proceeds raised

☐ Applicable √ Inapplicable

5.8.2 Particulars about the changed projects

☐ Applicable √ Inapplicable

5.9 Revising of business plan for the 2nd half year by the Board of Directors

☐ Applicable √ Inapplicable

5.10 Estimation of accumulative profit from the year beginning to the end of the next report period maybe is deficit, or in comparison with the same period of the previous year, gives the warning of great change and the notice to the reasons.

☐ Applicable √ Inapplicable

5.11 Explanation of the management on the "Qualified Opinion" made by the CPAs

☐ Applicable √ Inapplicable

5.12 Explanation of the management on the change and the treatment result of the issues involved in the "Qualified Opinion" made by the CPAs in the previous year.

☐ Applicable √ Inapplicable

§6 Significant Events

6.1 Purchase, sales and reorganization of assets

6.1.1 Purchase of assets

☐ Applicable √ Inapplicable

6.1.2 Sales of assets

☐ Applicable √ Inapplicable

6.1.3 Since the report on Assets Reorganization or Public Notice on Purchase/Sales of Assets has been published, what's the progress of the event and the influence upon the operation result and financial position in the report period?

☐ Applicable √ Inapplicable

6.2 Significant guarantees

☐ Applicable √ Inapplicable

6.3 Current related credits and liabilities

☐ Applicable √ Inapplicable

6.4 Significant lawsuit and arbitrations

☐ Applicable √ Inapplicable

6.5 Notes to the other significant events and their influences and analysis on the solutions

☐ Applicable √ Inapplicable

§7 Financial Statement

7.1 Auditor's opinion

Financial Statement	√Non-audited ☐Audited
Auditors' Opinion	☐Standard and no reserved opinion ☐Qualified Opinion √Non-audited

7.2 Comparative consolidated and the parent Company's statement of profit

CONSOLIDATED INCOME STATEMENT
ENDED 30 JUNE 2004

	Jan.~Jun. 2004	**Jan.~Jun. 2003**
	RMB'000	RMB'000
Sales	850,247	572,997
Cost of sales	(524,713)	(369,822)
Gross profit	325,534	203,175
Other operating income	6,360	5,020
Distribution costs	(54,013)	(43,625)
Administrative expenses	(52,080)	(44,845)
Other operating expenses	(469)	(673)
Profit from operations	225,332	119,052
Finance costs, net	(8,206)	(13,250)
Profit before tax	217,126	105,802
Income tax expense	(16,743)	(7,270)
Profit after tax	200,383	98,532
Minority interests	(12,759)	(6,020)
Net profit	187,624	92,512
Earnings per share	RMB 0.28	RMB 0.14

7.3 Notes to the financial statements

7.3.1 In comparison with the last annual report, no change has taken place in the accounting policy and accounting estimation and no accounting error correction has ever made.

7.3.2 In comparison with the last annual report, no change has taken place in the consolidation scope in the report period.

7.3.3 If the CPAs issued qualified opinion, list the relevant notes to the issues involved in the report.

☐ Applicable √ Inapplicable

Board of Directors of
CSG Holding Co., Ltd.
02 August 2004