CSG HOLDING CO., LTD.

SUMMARY of SEMI-ANNUAL REPORT 2005

CEO:ZENG NAN

August 2005

CSG Holding Co, Ltd.
Summary of Semi-annual Report 2005

§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 2005, 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
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E-mail	securities@csgholding.com	securities@csgholding.com

2.2 Major Financial Data and Indexes

2.2.1 Major accounting data and financial indexes

Unit: RMB'000

	30 June 2005	31 December 2004	Increase/decrease at the end of this report period compared with the year beginning (%)
Current assets	956,765	974,907	-1.86
Current liabilities	1,997,630	1,711,062	16.75
Total assets	5,170,633	4,729,642	9.32
Shareholders' equity	2,313,854	2,328,068	-0.61
Net assets per share (RMB)	2.28	3.44	-33.72
	Jan.~Jun. 2005	**Jan.~Jun. 2004**	**Increase/decrease in this report period compared with the same period in last year (%)**
Net profit	155,152	187,624	-17.31
Earnings per share (RMB)	0.15	0.28	-46.43
Rate of return on equity (%)	6.71	8.58	Decrease 1.87
Net cash flow from operating activities	356,583	250,092	42.58

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	149,964	155,152
Explanation on difference	Derecognition of deferred pre-operating expenses and other assets 5,188	

§3 Changes in Share Capital and Particulars about Shareholders

3.1 Statement of change in share capital

√ Applicable ☐ Inapplicable

	Before the change	Increase / Decrease (+/-) as of the period		After the change
		Capitalization of public reserve	Sub-total	
Unlisted shares				
Promoters' shares	242,326,589	121,163,295	121,163,295	363,489,884
Including: State-owned shares	87,175,364	43,587,682	43,587,682	130,763,046
Domestic legal person's shares	155,151,225	77,575,613	77,575,613	232,726,838
Foreign legal person's shares	0	0	0	0
Others	0	0	0	0
Raised legal person's shares	28,430,284	14,215,142	14,215,142	42,645,426
Inner employees' shares	0	0	0	0
Preference shares or other	0	0	0	0
Total unlisted shares	270,756,873	135,378,437	135,378,437	406,135,310
Listed shares				
RMB ordinary shares	107,165,997	53,582,998	53,582,998	160,748,995
Domestically listed foreign shares	299,052,546	149,526,273	149,526,273	448,578,819
Overseas listed foreign shares	0	0	0	0
Others	0	0	0	0
Total listed shares	406,218,543	203,109,271	203,109,271	609,327,814
Total shares	676,975,416	338,487,708	338,487,708	1,015,463,124

The amount of shares offered by funds, inner employees' shares traded in the counter, shares offered by strategic investor and shares offered ordinary juridical person should be disclosed respectively

☐ 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	55,598

Particulars about shares held by the top ten shareholders:

Full name of shareholders	Increas Decrease i the repor perio	Shares held t the report period-end	Proportion (%)	Type of share	Shares pledged/ frozen	Nature of shareholders
Yiwan Industrial Development (Shenzhen) Co., Ltd.	43,949,183	131,847,550	12.98	Non-circulating		
China North Industries Corporation	43,587,682	130,763,046	12.88	Non-circulating		State-owned shareholder
Xin Tong Chan Development (Shenzhen) Co., Ltd.	41,041,503	123,124,507	12.12	Non-circulating		
China Merchants (Glass Industry) Holding Co., Ltd.	5,507,634	16,522,902	1.63	Circulating		Foreign shareholder
Jingfu Securities Investment Fund	1,651,582	7,330,082	0.72	Circulating		
HTHK-Value Partners Intelligent FD-China B SHS FD	-3,839,388	7,225,215	0.71	Circulating		Foreign shareholder
China Merchants Securities Co., Ltd.	1,904,442	5,713,325	0.56	Non-circulating	3,514,512	
Merrill Lynch Pierce Fenner & Smith INC	1,671,290	5,013,869	0.49	Circulating		Foreign shareholder
Value Partners Intelligent Funds-Chinese Mainland Focus Fund	-3,636,518	4,554,973	0.45	Circulating		Foreign shareholder
Guotai Junan Securities Hong Kong Limited	1,939,188	3,528,317	0.35	Circulating		Foreign shareholder

Particulars about the shares held by the top ten shareholders of circulating share:

Full name of shareholders	Holding shares at the report period-end	Type of shares
China Merchants (Glass Industry) Holding Co., Ltd.	16,522,902	B-share
Jingfu Securities Investment Fund	7,330,082	A-share
HTHK-Value Partners Intelligent FD-China B SHS FD	7,225,215	B-share
Merrill Lynch Pierce Fenner & Smith INC	5,013,869	B-share
Value Partners Intelligent Funds-Chinese Mainland Focus Fund	4,554,973	B-share
Guotai Junan Securities Hong Kong Limited	3,528,317	B-share
Nomura TB/ Nomura ITM	3,000,000	B-share
Barings (Ireland) SA The Atlantis China Fund PLC	2,999,891	B-share
Howard Hughes Medical Institute	2,430,611	B-share
Skandia Global Funds PLC	2,321,623	B-share

Explanation on associated relationship or consistent action of above shareholders	Among the shareholders listed as above, it is already known that Yiwan Industrial Development (Shenzhen) Co., Ltd and Xin Tong Chan Industrial Development (Shenzhen) Co., Ltd are the holding enterprises of Shenzhen International Holdings Co., Ltd; and HTHK-Value Partners Intelligent FD-China B SHS FD and Value Partners Intelligent Funds-Chinese Mainland Focus Fund are affiliated with Value Partners Limited. 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.

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

Name	Title	Shares held at the period-begin	Shares held at the period-end	Reason of change
Zeng Nan	CEO & Director	67,680	101,520	Conversion of capital reserve
Sun Jingbo	Chief Financial Officer	24,816	37,224	Conversion of capital reserve

§5 Discussion and Analysis of the Management

5.1 Sales classified according to products:

Unit: RMB'000

	Jan.~Jun. 2005	Jan.~Jun. 2004
Sales of glass products	950,938	745,644
Sales of ceramics products	30,595	28,648
Sales of properties	12,693	64,443
Glass installation service revenue	12,669	11,512
Total	1,006,895	850,247

5.2 Sales classified according to location:

Unit: RMB'000

	Jan.~Jun. 2005	Jan.~Jun. 2004
PRC	792,893	634,141
United States	20,985	19,497
Australia	27,167	18,803
Others	165,850	177,806
Total	1,006,895	850,247

5.3 Other business with significant influence upon the net profit

☐ Applicable √ Inapplicable

5.4 Situation of associates

☐ 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

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

Unit: RMB'0000

Particulars about the external guarantee	
Total amount of guarantee during the report period	0
Total balance of guarantee at the end of the report period	0
Particulars of guarantee for the controlling subsidiaries	
Total amount of guarantee for controlling subsidiaries during the report period	80,015
Total balance of guarantee for controlling subsidiaries at the end of the report period	105,953
Particulars about the total amount of guarantees	
Total amount of guarantee	105,953
The proportion of the total amount of guarantee in the net assets of the Company	45.88%
Particulars about the illegal guarantees	
Total amount of guarantee for other related parties, which the Company or controlling shareholders held less than 50%	0
The debts guarantee amount provided for the guarantee of which the assets-liability ratio exceeded 70%	0
Amount of total guarantee exceeded 50% of net assets	0
Total amount of illegal guarantee	0

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

7.2 Financial Statement

CONSOLIDATED INCOME STATEMENT
ENDED 30 JUNE 2005

	Jan.~Jun. 2005 RMB'000	**Jan.~Jun. 2004** RMB'000
Sales	1,006,895	850,247
Cost of sales	(655,013)	(524,713)
Gross profit	351,882	325,534
Other operating income	10,175	6,360
Distribution costs	(68,855)	(54,013)
Administrative expenses	(65,909)	(52,080)
Other operating expenses	(553)	(469)
Profit from operations	226,740	225,332
Finance costs, net	(29,942)	(8,206)
Profit before tax	196,798	217,126
Income tax expense	(18,090)	(16,743)
Profit after tax	178,708	200,383
Minority interests	(23,556)	(12,759)
Net profit	155,152	187,624
Earnings per share	RMB 0.15	RMB 0.28

7.3 Notes to the financial statements

7.3.1 If any change has taken place in the accounting policy, accounting estimation and accounting error correction, provide relevant contents, reasons and influence.
□ Applicable √ Inapplicable

7.3.2 If material change has taken place in the consolidation scope, provide relevant reasons and influence.
√ Applicable □Inapplicable
Dated May 12, 2005, Shenzhen CSG Wellight Coating Glass Co., Ltd. ("Wellight") incorporated the two affiliated companies of the group, Shenzhen Hong Da Mirrors Limited ("Hong Da") and Shenzhen CSG Safety Glass Co., Ltd. ("Satefy"). Wellight remains in existence while Hong Da and Safety are cancelled. Wellight takes up the credits and liabilities of Hong Da and Safety. At present, Welligh finished its registration after the consolidation. The event does not bring material influence on the financial statement of the Company.

Board of Directors of
CSG Holding Co., Ltd.
12 August 2005