Stock code: 000012；200012 Short form of stock: CSG A；CSG B Notice No.: 2007-009

CSG HOLDING CO., LTD.

2006 ANNUAL REPORT SUMMARY

CEO:ZENG NAN

March 2007

§1 Important Notice

1.1 The board of directors, the supervisory committee, all directors and supervisors and the senior management of CSG Holding Co., Ltd. (hereinafter referred to as the Company) hereby confirms that there are no fictitious statements, serious misleading or important omissions information carried in this report, and shall take all responsibilities, jointly and severally, for the truthfulness, accuracy and completeness of the whole contents. The 2006 annual report summary is abstracted from the full text of annual report. And the investors are suggested to read the full text of the Annual Report to understand more details.

1.2 No director, supervisors and senior executives 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 The list of directors who absented the Board meeting.

Name of absence director	Reason of absence	Name of assignee
Zhou Daozhi	Not in Shenzhen	Long Long

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

1.5 Chairman of the Board of the Company Mr. Li Jingqi, CEO Mr. Zeng Nan and CFO Mr. Luo Youming 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	csg@csgholding.com

2.2 Contact person and method

	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	securities@csgholding.com	securities@csgholding.com

§3 Summary of Accounting Data and Financial Indexes

3.1 Major accounting data

Unit: RMB'000

	2006	2005	Increase/Decrease over last year (%)	2004
Revenue	2,957,589	2,293,980	28.93%	1,849,421
Gross profit	951,307	731,651	30.02%	629,005
Profit for the year	407,686	380,936	7.02%	367,663
Net cash from operating activities	690,627	896,741	-22.98%	530,905
	At the end of 2006	At the end of 2005	Increase/Decrease from the end of previous year (%)	At the end of 2004
Total assets	6,776,323	5,524,264	22.66%	4,729,642
Shareholders' equity	2,632,511	2,487,091	5.85%	2,328,068

3.2 Major financial indexes

Unit: RMB

	2006	2005	Increase/Decrease over last year (%)	2004
Earnings per share	0.32	0.31	3.23%	0.50
Return on equity (%)	12.38%	12.81%	Decrease 0.43%	14.51%
Net cash flows from operating activities per share	0.68	0.88	-22.73%	0.78
	At the end of 2006	At the end of 2005	Increase/Decrease from the end of previous year (%)	At the end of 2004
Equity per share	2.59	2.45	5.71%	3.44

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	332,112	407,686
Explanation on difference	Recognition of deferred income tax (1,746) Derecognition of deferred pre-operating expenses and other assets 4,056 Reversal of amortisation of goodwill and derecognition of negative goodwill (9,390) Recognition of subsidy income 250 Recognition of waiver of payment by debtors as other gains 620 Minority interest 81,784	

§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 the period		After the change	
	Amount	Proportion	other	Sub-total	Amount	Proportion
I Restricted shares	406,236,830	40.01%	-57,027,862	-57,027,862	349,208,968	34.39%
i State-owned shares	0	0	0	0	0	0
ii State-owned legal person's shares	130,763,046	12.88%	-17,926,022	-17,926,022	112,837,024	11.11%
iii Other domestic shares	20,501,727	2.02%	-3,149,544	-3,149,544	17,352,183	1.71%
Including:						
Domestic legal person's shares	20,400,207	2.01%	-3,187,583	-3,187,583	17,212,624	1.70%
Domestic natural person's shares	101,520	0.01%	38,039	38,039	139,559	0.01%
iv Foreign shares	254,972,057	25.11%	-35,952,296	-35,952,296	219,019,761	21.57%
Including:						
Foreign legal person's shares	254,972,057	25.11%	-35,952,296	-35,952,296	219,019,761	21.57%
Foreign natural person's shares	0	0	0	0	0	0
II Unrestricted shares	609,226,294	59.99%	57,027,862	57,027,862	666,254,156	65.61%
i RMB ordinary shares	160,647,475	15.82%	57,027,862	57,027,862	217,675,337	21.44%
ii Domestic listed foreign shares	448,578,819	44.17%	0	0	448,578,819	44.17%
iii Overseas listed foreign shares	0	0	0	0	0	0
iv Others	0	0	0	0	0	0
III Total shares	1,015,463,124	100%	0	0	1,015,463,124	100%

The date for the restricted shares to be listed

Unit: Share

Date	Additional listed shares after the expiration of the restricted period	Balance of the restricted shares	Balance of the unrestricted shares
24 May 2007	170,046,294	179,162,674	387,721,631
24 May 2008	152,319,468	26,843,206	540,041,099
24 May 2009	26,705,647	137,559	566,746,746

Note: The aforesaid shares did not include B-share.

Shares held by the top ten restricted shareholders and restricted conditions

Unit: Share

No	Name of the restricted shareholders	the restricted shares held	Date to t listed	Additional listed shares	Restricted condition
1	Yiwan Industrial Development (Shenzhen) Co., Ltd.	113,256,408	24 May 2007	50,773,156	Legal
			24 May 2008	50,773,156	
			24 May 2009	11,710,096	
2	China North Industries Corporation	112,324,822	24 May 2007	50,773,156	Legal
			24 May 2008	50,773,156	
			24 May 2009	10,778,510	
3	Xin Tong Chan Development (Shenzhen) Co., Ltd.	105,763,353	24 May 2007	50,773,156	Legal
			24 May 2008	50,773,156	
			24 May 2009	4,217,041	
4	Shenzhen Yuquan Investment Co., Ltd.	4,604,735	24 May 2007	4,604,735	Legal
5	Shenzhen Yuanxiang Business Counsellor Co., Ltd.	2,468,484	24 May 2007	2,468,484	Legal
6	China Everbright Securities Co., Ltd.	1,900,856	24 May 2007	1,900,856	Legal
7	China Merchants Securities Co., Ltd.	1,889,858	24 May 2007	1,889,858	Legal
8	Shenzhen Merchants Real-estate Co., Ltd.	950,428	24 May 2007	950,428	Legal
9	Shenzhen Qiaoshe Industrial Co., Ltd.	756,223	24 May 2007	756,223	Legal
10	Bohai Oil Marketing Company (Tianjin)	655,249	24 May 2007	655,249	Legal

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

Unit: Share

Total number of shareholders at the end of the year	45,485 (18,496 of A-share, 26,989 of B-share)				
Particulars about shares held by the top ten shareholders:					
Name of shareholders	Nature of share-holders	Proportion	Total amount of shares held	Amount of non-circulating shares held	Number of share pledged or frozen
Yiwan Industrial Development (Shenzhen) Co., Ltd.	Foreign-funded	11.15%	113,256,408	113,256,408	0
China North Industries Corporation	State-funded	11.06%	112,324,822	112,324,822	0
Xin Tong Chan Development (Shenzhen) Co., Ltd.	Foreign-funded	10.42%	105,763,353	105,763,353	0
Shenzhen Yuquan Investment Co., Ltd.	--	1.93%	19,635,178	4,604,735	0
Value Partners Classic Fund	Foreign-funded	1.29%	13,067,713		
Nikko Asset Management Co, Ltd., Nikko AM Chinese RMB A-share Parent Fund	--	1.11%	11,300,748		
HTHK-Value Partners Intelligent FD-China B SHS FD	Foreign-funded	0.90%	9,140,946		
UBS Warburg Custody Pte Ltd.	Foreign-funded	0.90%	9,113,652		
Xuan Wei Co., Ltd.	Foreign-funded	0.84%	8,500,060		
China-Southern Excellent Growth Stock Securities Investment Fund	--	0.78%	7,882,024		

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
Shenzhen Yuquan Investment Co., Ltd.	15,030,443	A share
Value Partners Classic Fund	13,067,713	B share
Nikko Asset Management Co, Ltd., Nikko AM Chinese RMB A-share Parent Fund	11,300,748	A share
HTHK-Value Partners Intelligent FD-China B SHS FD	9,140,946	B share
UBS Warburg Custody Pte Ltd.	9,113,652	B share
Xuan Wei Co., Ltd.	8,500,060	B share
China-Southern Excellent Growth Stock Securities Investment Fund	7,882,024	A share
KGI Asia Limited	7,428,620	B share
UBS SDIC Core Enterprise Stock Securities Investment Fund	6,974,059	A share
Southern High Growth Stock Opening Securities Investment Fund	6,568,660	A share

Statement on associated relationship among the top ten shareholders or consistent action	Among shareholders as listed above, Yiwan Industrial Development (Shenzhen) Co., Ltd., Xin Tong Chan Development (Shenzhen) Co., Ltd., and Xuanwei Co., Ltd. are the holding enterprises of Shenzhen International Holdings Limited.. Value Partners Classic Fund and HTHK-Value Partners Intelligent FD-China B SHS FD belong to Value Partners Limited. Apart from these, there is no associated relationship had been found among the other shareholders.

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

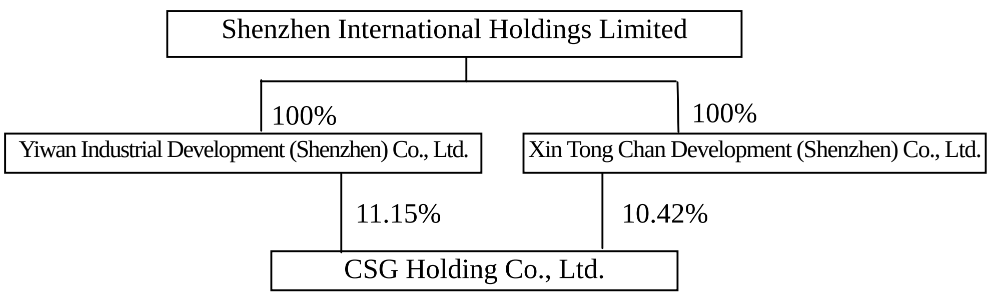
4.3.2 Introduction of especial situation for holding shareholder and actual controller

The actual controller of the Company is Shenzhen International Holdings Limited established in Bermuda in November 1989, which listed in main board of Hong Kong Exchanges and Clearing Co., Ltd..

Chairman of the Board: Guo Yuan

The Group, comprising the company and its subsidiaries and associates, is principally engaged in the provision of total logistics and transportation ancillary services as well as investment, operation and management of related assets and projects.

4.3.3 Property right and controlling relationship between the actual controller of the Company and the Company is as follows:



§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	Total Remuneration drew (RMB'0000)	Draw the Remuneration from other shareholder units or associates
Li Jingqi	Chairman of the Board	Male	50	2005/4~2008/4	-	-	-	0	No
Zeng Nan	Vice Chairman / CEO	Male	62	2005/4~2008/4	101,520	137,559	Share Merger Reform	92.27	No
Long Long	Independent Director	Male	51	2005/4~2008/4	-	-	-	5.00	No
Yan Ganggang	Independent Director	Male	47	2005/4~2008/4	-	-	-	5.00	No
Zhang Jianjun	Independent Director	Male	42	2005/4~2008/4	-	-	-	5.00	No
Zhou Daozhi	Director	Male	57	2005/4~2008/4	-	-	-	0	No
Guo Yongchun	Director	Male	39	2005/4~2008/4	-	-	-	0	Yes
Liu Jun	Director	Male	43	2005/4~2008/4	-	-	-	0	No
Wu Guobin	Director / Vice president / Secretary of the Board of Directors	Male	42	2005/4~2008/4	-	-	-	63.99	No
Liu Sanhua	Chairman of the Supervisory Committee	Male	36	2006/7~2008/4	-	-	-	0	No
Yang Hai	Supervisor	Male	45	2005/4~2008/4	-	-	-	0	No
Zhao Xijun	Supervisor	Male	38	2005/4~2008/4	-	-	-	40.05	No
Luo Youming	Chief Financial Officer	Male	44	2005/11~2008/4	-	-	-	67.15	No
Ke Haiqi	Vice president	Male	41	2005/4~2008/4	-	-	-	69.94	No
Zhang fan	Vice president	Male	41	2005/11~2008/4	-	-	-	72.12	No
Total								420.52	—

§6 Report of the Board of Directors

6.1 Discussion and analysis of the operation

In 2006, due to the uncontrollable capacity growth in the float glass business in the recent years, and the continuous price rising in raw materials such as heavy oil, coal, electricity and etc, the countrywide float glass industry in China lost RMB 300 million in total by the end of December 12, 2006. However, driven by the national energy-saving policy, the engineering glass industry was brought to favorable market and growth trend. The fine glass and micro-electronics industry operated smoothly, which became the momentous pillar of the Company besides the conventional glass industry and made a significant income contribution. Facing the complex market conditions, the Company chased the market's demand intimately, adjusted the industrial structure actively, focused on improving the Company's soft operational strength, increased the investment in R&D, and consolidated and enlarged the advantages of operational diversification; comprehensively implemented the total-cost-leading strategy, impelled the overall budget, cost of quality management, and controlled the cost strictly; continued to implement the secure financial policy, prevented the operational and financial risks severely, and strengthened the control of cash flows, account receivables and inventories. Due to the effective implementation of the above actions, the Company realised smooth growth in revenue and income. At the end of the report period, the Company realised RMB 2,958 million in sales and RMB 4.08 million in net profit. Comparing with the same period last year, sales and profit increased 28.93% and 7.02% respectively. The volume of export increased 31.81%.

Float glass industry: under the influence of the industry downturn, the income contribution from the Company's float glass sector decreased significantly, but the gross profit ratio and profitability were still the best among all other competitors. Production line 1 and line 2 of Chengdu CSG Float Glass respectively launched their production in February and April 2006. Although the market conditions weren't optimistic, Chengdu CSG still persisted in using the diversified product structure to keep its competitive advantage and price level, and it successfully realised the transformation of 15mm glass manufacturing. As a result of appropriate operation, both of the two production lines realised profit in the month when they were just put into production, the production yield was maintained at reasonable high level, and played a positive role in reducing the pressure of the downturn from the float glass industry to the Company. The technical alteration of Shenzhen float glass production line 1 was also completed in July, 2007, and returned to the production straight away. After the alteration, the line had overall improvement in energy-consumption and producing of high quality diversified products, this further consolidates the Company's market status in top grade float glass business.

Engineering and automotive glass industry: Driven by the national energy-saving policy, the market demand for energy-saving glass is rapidly growing. The Company adjusted actively to meet the market changes, it grasped the opportunities from continuous price rising of energy products and the promulgation of national energy-saving policy, and took full advantage of the brand effect of the engineering glass and its market power, and the Company enhanced the development of energy-saving glass products and reinforced the domestic and overseas market exploitation. In 2006, the domestic sales and market share of energy-saving glass increased significantly, meanwhile, a large amount of the products were sold to America, Japan, Europe, Australia, Hong Kong as well as Macao and etc, which made the engineering glass business play an important role in withstanding the industrial risks. In the report period, the sales revenue and profit from the engineering glass business both increased dramatically comparing with last year, which replaced the best result in the history. Moreover, the Company further perfected its capacity expansion and geographical layout for its energy-saving glass sector. The new projects of engineering glass in Tianjin, Dongguan, Wujiang, and Chengdu had launched the constructions, and the first phase of all projects were planned to be finished and put into production at the end of 2007. In the coming future, the engineering glass business sector of the Company will realize a significant increase in both sales and profit. The automotive glass sector also realised a breakthrough from loss to profit by such ways as optimizing the operational flows and processes, applying perfect management, and initiating the employees' enthusiasm, and so on.

Fine glass and micro-electronics industry: As one of the three major pillar industries of the Company, our fine glass business sector continuously kept its strong profitability. In order to keep our preponderance and top position in the domestic fine glass industry, the Company foreseeingly established the product expansion plan for the color filter. The third phase of this project had been successfully put into production at the beginning of July 2006, the production yield and unit consumption both attained the international advanced level. The fourth phase of the project was also carried through on schedule, the equipment installation had been finished in September 2006, and had been put into trial production in December 2006. Along with the continuous increase of production scale and yield, the Company's fine glass sector still maintained its strong profitability even under the continuous price fall of relevant products. At the same time, the technology embedded in the fine glass products was also successively improved. Furthermore, the Company's electronic components and ceramics sector made a remarkable achievement, which came up with the best result in the records in year 2006.

Photovoltaic solar energy industry: In year 2006, the development of the Company's photovoltaic solar energy industry was made a further stride. The production line of solar super white glass in Dongguan was ignited on 28 October 2006. The line has entered the trail-production period at present, the overall performance indices of the product attain or surpass the advanced levels comparing with foreign products of the same kind, and obtain recognition from the market. The favorable putting into production of the project will become another highlight of the Company for the year of 2007. In 2006, under enormous market researches and strict feasibility analysis, the Company established a development strategy for building a complete set of industrial product chain for solar photovoltaic energy business. Through elaborate plan and cooperation with the Russian Institution of Rare Earth Metallurgy, the first phase of the project, a base of production with a total capacity of 4500 tons poly- silicon began its construction in Yichang of Hubei province, and it was listed as one of the three key projects in the Eleventh Five-Year Plan of Hubei province. At present, the progress of the project is smooth, it is planned to be completed and commence production in year 2008. Moreover, the project of solar cell has launched its construction, and entered the essential period, it is planned to commence production in the year 2007. The Company has made the first successful move in building the complete industrial product chain for its solar energy business.

6.2 Sales classified according to products:

Unit: RMB'000

	2006	2005
Float glass	1,385,648	1,106,734
Architectural glass	959,159	727,439
Automotive glass	207,060	183,257
Display glass	424,929	395,891
Other	176,383	174,297
Unallocated	(195,590)	(203,638)
Total	2,957,589	2,293,980

6.3 Sales classified according to location:

Unit: RMB'000

	2005	2004
The Mainland, PRC	2,057,253	1,610,908
Hong Kong	502,939	357,457
Others	397,397	325,615
Total	2,957,589	2,293,980

6.4 Application of the raised proceeds

☐ Applicable √ Inapplicable

Particulars about the changed projects

☐ Applicable √ Inapplicable

6.5 Application of the proceeds not raised through shares offering

√ Applicable ☐ Inapplicable

Unit: RMB'0000

Projects	Amount	Progress	Earnings
Chengdu CSG Glass Industrial Base	68,000	Line 1 and Line 2 of Chengdu CSG was put into production and realised profit respectively in February 2006 and April 2006. At present, the production yield maintains at a high steady level.	At the end of report period, the project realised RMB 66,730 thousand net profits.
Phase 3 and Phase 4 of Color Filter Project	18,000	Phase 3 of color filter project was put into production in July 2006, and Phase 4 of the project entered the period of trial production in December 2006.	The project of Phase 1 to Phase 4 realised a total RMB 46,320 thousand net profit in 2006.
Alteration Project of Shenzhen Float Glass line 1	7,000	The production line was successfully ignited after the alteration in July 2006, and restored into production. The capacity of this line has risen from 500T/D to about 600 T/D, and achieved comprehensive improvement in energy consumption, and producing high quality diversified products.	It is not calculated separately.
Dongguan CSG Engineering Glass Project	67,000	The construction of factory buildings and auxiliary facilities of this project are planned to be completed in the first quarter of 2007, and the relocation of the existing equipment and the installation and adjustment of new equipments will begin after that. The new equipment's installation and adjustment and the first phase of relocation are expected to be done in the second quarter of year 2007.	It is being constructed.
Tianjin Energy-saving Glass Project	38,400	The project has begun the construction in October 2006, and Phase 1 is estimated to be established and put into production at the end of 2007.	It is being constructed.
Wujiang CSG Engineering Glass Project	43,300	The project has begun the construction in October 2006, and Phase 1 is planned to be finished and put into production by the end of year 2007.	It is being constructed.
Solar Super White Glass Project	15,000	The production line was successfully ignited at the end of October 2006 and was officially put into business operation in February 2007.	At the end of report period, it is still in the period of trial production.
Poly-silicon Materials Project	78,000	At present, the project has started, and it is listed as one of the three key projects of the Eleventh Five-year Plan of Hubei Province.	It is being constructed.
Solar Photovoltaic Battery Project	10,000	The project is in the preparation phase, and it is estimated to launch the production at the end of 2007.	It is being constructed.
Total	344,700	--	--

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

☐ Applicable √ Inapplicable

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

√ Applicable ☐ Inapplicable

Audited by PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd., net profit of the Company was RMB 332,111,553, and the Board of Directors proposed to distribute the profit of 2006 as follows: The undistributed profit accumulated at the end of 2006 will be distributed to all shareholders based on the total share capital of 1,015,463,124 shares at the end of 2006.

① The Company will allot cash RMB 2.0 (tax included) for every 10 shares to all shareholders.

② The Company will allot 2.5 bonus shares for every 10 shares to all shareholders.

The profit distribution preplan should be submitted to the 2006 Shareholders' General Meeting for considerations.

The Company will allot cash RMB 2.0 (tax included) for every 10 shares to all shareholders.

The Company didn't appropriate share distribution preplan though the Company achieved the profit in the report period

☐ Applicable √ Inapplicable

§7 Significant Events

7.1 Purchase of assets

☐ Applicable √ Inapplicable

7.2 Sales of assets

☐ Applicable √ Inapplicable

7.3 Significant guarantees

√ Applicable ☐ Inapplicable

Unit: RMB'0000

Guarantee of the Company for the controlling subsidiaries	
Total amount of guarantee for controlling subsidiaries in the report period	119,078
Balance of guarantee for controlling subsidiaries at the end of the report period	80,857
Particulars about the guarantee of the Company(Including the guarantee for the controlling subsidiaries)	
Total amount of guarantee	80,857
Proportion of the total guarantee in net assets of the Company (%)	30.76%
Including:	
Total amount of the guarantee for shareholders, actual controller and correlated parties	0
The debts guarantee amount provided for the guarantee of which the assets-liability ratio exceeded 70%	42,320
Total amount of guarantee in net assets of the Company exceeded 50%	0
Total amount of guarantee aforesaid	42,320

7.4 Current related credits and liabilities

7.4.1 Related sale and purchase

√ Applicable ☐ Inapplicable

Unit: RMB'0000

Related parties	Sell product and supply labor force to the related parties		Purchase and accept labor force from related parties	
	Transaction amount	Proportion in the amount of the same transaction	Transaction amount	Proportion in the amount of the same transaction
Total Logistics (Shenzhen) Co., Ltd.	0	0%	3,342.27	27.79%
Total	0	0%	3,342.27	27.79%

Including: In the report period, the related transaction amount the listed companies sold products or supplied labor forced for the controlling shareholders and its subsidiaries was RMB 0.

7.4.2 Related credits and liabilities current

☐ Applicable √ Inapplicable

7.4.3 Progress of paying off the occupied fund at the end of year 2005

☐ Applicable √ Inapplicable

Occupation of newly increased fund during the year 2006

☐ Applicable √ Inapplicable

Reasons, measures of paying off debts adopted and responsibility investigation plan for the listed companies unperformed paying off the occupied non-operational fund at the end of 2006

☐ Applicable √ Inapplicable

7.5 Entrusted assets management

☐ Applicable √ Inapplicable

7.6 Implementation of commitments

7.6.1 Commitment during the Share Merger Reform made by the original non-tradable shareholders and its implementations

☐ Applicable √ Inapplicable

7.6.2 Amount of tradable shares with unrestricted conditions held by original non-tradable shareholders whose holding proportion exceeded 5% at the end of report period

☐ Applicable √ Inapplicable

7.7 Significant lawsuit and arbitrations

☐ Applicable √ Inapplicable

§8. Report of the Supervisory Committee

☐Applicable √Inapplicable

§9. Financial Report

9.1 Auditor’s opinions

Auditor’s opinions: standard unqualified auditor’s opinions

9.2 Financial statement

9.2.1 Balance Sheet

CSG HOLDING CO., LTD.
CONSOLIDATED BALANCE SHEET
AS OF 31 DECEMBER 2006
(All amounts in Renminbi thousands unless otherwise stated)

		As at 31 December	
	Note	**2006**	**2005**
ASSETS			
Non-current assets			
Property, plant and equipment	6	5,223,044	4,392,810
Land use rights	7	215,945	158,954
Intangible assets	8	17,896	13,451
Investment in an associate	9	6,765	-
Deferred income tax assets	10	1,482	3,227
Available-for-sale financial assets	11	9,078	9,078
Parpayment for land use right		15,001	-
		5,489,211	4,577,520
Current assets			
Inventories	12	249,417	217,412
Properties held for sale	13	72,077	93,507
Trade and other receivables	14	424,862	350,188
Derivative financial instruments	15	1,985	3,416
Pledged bank deposits	16	58,304	54,458
Cash and cash equivalents	16	480,467	227,763
		1,287,112	946,744
Total assets		6,776,323	5,524,264
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	17	1,015,463	1,015,463
Other reserves	18	975,837	935,869
Retained earnings		641,211	535,759
		2,632,511	2,487,091
Minority interest		312,300	239,819
Total equity		2,944,811	2,726,910
LIABILITIES			
Non-current liabilities			
Other payable	19	45,000	-
Borrowings	22	717,042	913,987
		762,042	913,987
Current liabilities			
Trade and other payables	20	960,230	807,705
Current tax liabilities	21	31,266	24,217
Borrowings	22	2,056,888	1,049,203
Derivative financial instruments	15	1,013	2,242
Provisions for other liabilities and charges	23	20,073	-
		3,069,470	1,883,367
Total liabilities		3,831,512	2,797,354
Total equity and liabilities		6,776,323	5,524,264

9.2.2 Income Statement

CSG HOLDING CO., LTD.
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006
(All amounts in Renminbi thousands unless otherwise stated)

		Year ended 31 December	
	Note	**2006**	**2005**
Revenue	5	2,957,589	2,293,980
Cost of sales		(2,006,282)	(1,562,329)
Gross profit		951,307	731,651
Distribution costs		(196,442)	(162,520)
Administrative expenses		(235,771)	(123,132)
Other gains, net	24	26,326	29,493
Operating profit		545,420	475,492
Finance costs, net	27	(105,403)	(69,751)
Profit before income tax		440,017	405,741
Income tax expense	28	(32,331)	(24,805)
Profit for the year		407,686	380,936
Attributable to:			
Equity holders of the Company		325,920	318,660
Minority interest		81,766	62,276
		407,686	380,936
Earnings per share for profit attributable to the equity holders of the Company during the year			
-Basic/Diluted (RMB cents per share)	29	32.10	31.38

9.2.3 Cash Flow Statement

CSG HOLDING CO., LTD.
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006
(All amounts in Renminbi thousands unless otherwise stated)

		Year ended 31 December	
	Note	**2006**	**2005**
Cash flows from operating activities			
Cash generated from operations	28	818,426	1,011,314
Interest paid		(97,201)	(86,413)
Income tax paid		(30,598)	(28,160)
Net cash generated from operating activities		690,627	896,741
Cash flows from investing activities			
Investment in an associate		(6,765)	-
Payments for acquisition of property, plant and equipment		(1,053,409)	(1,009,352)
Proceeds from sale of property, plant and equipment		32,000	5,807
Increase in other payable		45,000	-
Payments for acquisition of land use rights		(77,013)	(32,588)
Payments for acquisition of intangible assets		(6,188)	(63)
Acquisition of minority interest		(6,250)	-
Interest received		3,064	1,541
Net cash used in investing activities		(1,069,561)	(1,034,655)
Cash flows from financing activities			
Proceeds from borrowings		3,404,468	3,314,910
Repayments of borrowings		(2,578,682)	(3,142,715)
Payments of bonds issuance costs		(3,200)	-
Dividends paid to Company's shareholders		(182,792)	(166,802)
Dividends paid to minority shareholders		(43,627)	(20,386)
Capital contributed by minority shareholders		40,749	69,245
Pledged bank deposits (placed)/withdrawn		(3,846)	18,047
Net cash generated from financing activities		633,070	72,299
Net increase/(decrease) in cash and cash equivalents		254,136	(65,615)
Cash and cash equivalents at beginning of year		227,763	307,449
Exchange losses on cash		(1,432)	(14,071)
Cash and cash equivalents at end of year	14	480,467	227,763

9.3 Explanation on changes of accounting policy, accounting estimation and settlement method compared with the latest annual report
□Applicable √Inapplicable

9.4 Contents, correct amount, reason and its influence of significant accounting errors
□Applicable √Inapplicable

9.5 Explanation on change of consolidated scope compared with the latest annual report
√ Applicable □Inapplicable

Compared with 2005 Annual Report, the following companies were added in the consolidated scope:

1. Tianjin CSG Energy Conservation Glass Co., Ltd was founded on 26 September 2006.
2. Wujiang CSG North-east Architectural Glass Co., Ltd was founded on 27 October 2006.
3. Yichang CSG Silicon Co., Ltd was officially founded on 1 August 2006.
4. Shenzhen CSG PV-tech Co., Ltd was officially founded on 20 September 2006.

At the end of the report period, the aforesaid companies were all under the preparation periods.

Board of Directors of
CSG Holding Co., Ltd.
16 March 2007