CSG HOLDING CO., LTD.

THE THIRD QUARTER REPORT 2007

CEO: ZENG NAN

October 2007

I Important Notes

i The Board of Directors and the Supervisory Committee of CSG Holding Co., Ltd. (hereinafter referred to as the Company), along with its directors, supervisors and senior executives 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.

ii No director, supervisor or senior executive stated any objection for the correctness, accuracy and completeness of the contents of this report.

iii All directors attended the Board Meeting.

iv The third quarter financial report of 2007 has not been audited.

v Chairman of the Board of the Directors Mr. Li Jingqi, CEO Mr. Zeng Nan and CFO Mr. Luo Youming hereby confirm that the Financial Report of the Third Quarter Report is true and complete.

II Company Profile

i Main Accounting Data and Financial Indexes

Unit: RMB'000

	30 September 2007	31 December 2006	Increase/Decrease at 30 Sep 2007 in comparing with 31 Dec 2006
Total assets	8,910,559	6,776,323	31.50%
Shareholders' equity	2,511,701	2,632,511	-4.59%
Equity per share	RMB 2.47	RMB 2.59	-4.63%
		From 1 January to 30 September 2007	**Increase/Decrease in comparing with the same period of 2006**
Net cash generated from operating activities		770,970	108.86%
Net cash generated from operating activities per share		RMB 0.76	111.11%
	The 3rd quarter of 2007	**From 1 January to 30 September 2007**	**Increase/Decrease in comparing with the 3rd quarter in 2006**
Profit attributable to equity holders of the Company	144,964	293,712	40.26%
Earning per share	RMB 0.14	RMB 0.29	40.00%
Return on equity (%)	5.77%	11.16%	-1.75 percentage points

ii Total number of shareholders and statement of shares held by the top ten shareholders with unrestricted conditions at the end of the report period.

Total number of shareholders at the end of report period: 47,669 (including 16,920 of A-shares and 30,749 of B-shares)

Shares held by the top ten shareholders of circulating shares:

Name	**Amount of unrestricted shares**	**Type**
Xin Tong Chan Development (Shenzhen) Co., Ltd.	39,534,610	A
Mirae Asset China Solomon Equity Investment Trust 1	21,320,346	B
Bony-Dreyfus Pifi-Dreyfus Premier Greater China	20,250,766	B
Gao-Ling Fund, L.P.	18,682,064	B
Industrial and Commercial Bank of China - Jianxin Selected Growth Stock Securities Investment Fund	13,008,795	A
Industrial and Commercial Bank of China – Penghua Excellent Administrative Stock Securities Investment Fund (LOF)	12,100,321	A
China North Industries Corporation	12,021,236	A
Industrial and Commercial Bank of China - Jianxin Excellent Collocated Combined Securities Investment Fund	11,771,402	A
Bank of China - Yifangda Strategic Growth NO. 2 Combined Securities Investment Fund	11,441,962	A
CSFB S/A Qinhan China Master Fund (Cayman) Ltd	11,209,888	B

III Significant events

i Particulars about material changes in items of main accounting statement and financial index, and explanations of reasons

√ Applicable ☐Non-applicable

Item	**Note**	**30 September 2007 RMB'000**	**31 December 2006 RMB'000**	**Increase/decrease (%)**
Investment in associates	(1)	-	6,765	-100.00%
Available-for-sale financial assets	(2)	51,730	9,078	469.84%
Prepayment for land use right	(3)	-	15,001	-100.00%
Properties held for sale	(4)	19,383	72,077	-73.11%
Derivatives	(5)	-	1,985	-100.00%
Pledged bank deposits	(6)	15,867	58,304	-72.79%
Cash and cash equivalents	(7)	1,673,694	480,467	248.35%
Account payables and other payables	(8)	2,636,020	960,230	174.52%
Current tax liabilities	(9)	66,294	31,266	112.03%
Derivatives	(5)	-	1,013	-100.00%
Revenue	(10)	3,044,054	2,059,011	47.84%
Cost of sales	(11)	2,103,687	1,402,225	50.02%
Other gains, net	(12)	-16,755	12,608	232.89%
Financial costs, net	(13)	112,103	53,970	107.71%
Income tax expense	(14)	49,710	28,130	76.72%

Note:

(1) The Company held 35% equity of Wise Channel Limited registered in Hong Kong. Wise Channel Limited held 25% equity of Yichang CSG Silicon Co., Ltd.. In the report period, the Company purchased all the remaining shares of Wise Channel Limited held by other shareholders.

(2) Legal Person Shares of other companies invested by the Company were reclassified and revaluated in accordance to their fair values.

(3) Prepayment of the land use right for Dongguan Industrial Base from the headquarters of the Company is apportioned to all subsidiaries in the report period.

(4) In the report period, the real-estate sector of the Company carried forward the inventories sold.

(5) In the report period, the Forward Foreign Exchange Contracts were realized at their maturities, the gains/losses from the contracts were transferred into the cost of construction-in-progress.

(6) Yichang CSG Silicon Co., Ltd drew back the collateral deposits for Letters of Credit established.

(7) The Company received RMB 1.372 billion from fund raising via private placement.

(8) Due to the RMB 1.372 billion the Company raised via private placement was not yet been transferred as the Capital, and the Construction Guarantees, custodial receipts and payments for others are increased.

(9) The increase in operating income causes an increase in value-added tax payable, and the increase of total profit brings the correspondent increase of income tax payable.

(10) The main reasons of the increase in revenue:

a Two new production lines in Chengdu CSG Glass Co., Ltd., which operated in March 2006, increase the Company's overall productivity. The figures of production capacity and operating income between the two periods are incomparable.

b The operating scale is expanded in this year. The production capacity of Shenzhen CSG Wellight Conductive Coating Co., Ltd is expanded by two new production lines. These two lines started to operate one after the other in February this year.

c Shenzhen float glass production line #1 had a technical reconstruction, and it re-operated in September last year. The figures of production capacity and operating income between the two periods are incomparable.

d The increases in the operating income except from the reasons of (a), (b), (c) above.

(11) The increase in revenue causes the correspondent increase in the cost of sales.

(12) Due to the increase of assets depreciation, the decrease of investment income and the increase of net losses from fixed assets disposition during the report period.

(13) Due to the increase of total loans of the Company, and the raise of interest rate.

(14) The Increase of total profit brings the correspondent increase of income tax expenses; and influence from the expiration of the preferential income tax policies held by Guangzhou CSG Co., Ltd, Shenzhen CSG Electric Co., Ltd, and Shenzhen CSG Weiguang Conductive Coating Co., Ltd.

ii Analysis and explanation of significant events and their influence and solutions

√ Applicable ☐Non-applicable

(i) Private Placement of A-share to specific investors

The Company has issued a total of 172,500,000 A-shares via Private Placement to China Ping An Trust and Investment Co., Ltd., CITIC Securities Co., Ltd., Zhejiang Heaven Silicon Valley Pengcheng Capital Ltd, and China Huajian Investment Holdings Limited respectively. The issuing price is RMB 8.00 per share, and the total amount of fund raised is RMB 1,380,000,000 (Share issuing expenses included). Excluding the underwriting allowance and the sponsor-fee of RMB 8,000,000 in total, the Company collects a net total amount of RMB 1,372,000,000. The procedure of Capital Verification was completed on 27 September 2007. All 172,500,000 newly issued A-shares were registered on 11 October 2007 and listed on 15 October 2007. The restricted tradable period of the shares from this Private Placement is 36 months.

(ii) The purchase of the minority interest of Tianjin CSG Architectural Glass Co., Ltd.

According to the resolution of the 19th meeting of the 4th Board of Directors, and the Announcement on Associated Transaction of Asset Acquisitions released on 31 July 2007, 25% equity of Tianjin CSG Architectural Glass Co., Ltd., which is the Company's holding subsidiary, is held by Well Guide Limited, the Company plans to acquire this 25% stake by purchasing Well Guide Limited via its wholly-owned subsidiary---CSG (Hong Kong) Co., Ltd. At end of the report period, the CSG(Hong Kong) Co., Ltd. has made an initial payment of RMB 46,070,000, and the remaining balance will be paid when the procedure of equity transfer is completed.

(iii) The closure and liquidation of Sichuan Luxian CSG Silica Co., Ltd.

According to resolution of the 19th meeting of the 4th Board of Directors, the Company's subsidiary---Sichuan Luxian CSG Silica Sand Co., Ltd terminated its operation and began the procedures of liquidation on 1 September 2007. Depreciation losses have been accounted.

iii Implementations of commitments by the Company, shareholders and actual controller

√ Applicable ☐Non-applicable

Non-tradable shareholders of the Company committed in the Explanations on Share Merger Reform of CSG Holding Co., Ltd.:

(i) Since the date of the implementation of Share Merger Reform, no transaction or transfer is allowed in the market within 12 months;

(ii) When the original non-tradable shareholders, whose total stock exceeds 5% of the total shares of the Company, list and sell the original non-tradable shares on Shenzhen Stock Exchange under the expiration of the condition in item (i) above, the proportion of shares sold must not exceed 5% of the total shares of The Company in 12 months, and 10% of the total shares of the Company in 24 months.

By the end of the report period, the original non-tradable shareholders of the Company have strictly carried out their promises

iv Estimation of accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation of reason

☐Applicable √ Non-applicable

v Other significant events

(i) Particulars about securities investment

☐Applicable √ Non-applicable

(ii) Equity of other listed companies held

√ Applicable ☐Non-applicable

Unit: RMB'000

Stock code	Short form of the stock name	Initial investment	Proportion of the equity held in each company	Book value at period-end	Gains and losses in report period	Changes on owners' equity in the report period
000504	CCID Media	17,651	0.91%	35,707	-	10,772
000566	Hainan Haiyao	1,203	0.24%	4,307	-	1,322
600695	ST Dajiang	2,000	0.13%	7,516	-	1,948
Total		20,854	-	47,530	-	14,042

(iii) Equity of non-listed financial enterprises and planned listed companies held

√ Applicable ☐Non-applicable

Unit: RMB'000

Name	Initial investment	Amount (Share'000)	Proportion of the equity held in each company	Book value at the end of report period	Gains and losses in report period	Changes on owners' equity in the report period
Beijing Wantong Industrial Co., Ltd.	4,200	4,620	0.38%	4,200	-	-
Total	4,200	4,620	-	4,200	-	-

(iv) Reception of investigation, communication and interview in the report period

Date	Place	Method	Object	Contents and materials offered
2007.7.5	Conference room	Interview	Driehuas Capital Management LLC	Introduce the operating scope of the Company.
2007.7.17	Conference room	Interview	China Post & Capital Fund Management Co., Ltd.	Introduce the operation of the Company.
2007.7.18	Conference room	Interview	Nomura International (Hong Kong) Ltd. Dlibj Asset Management Co., Ltd.	Introduce the products, operation, market and new energy projects of the Company.
2007.8.2	Conference room	Interview	Oriental Securities Co., Ltd. Industrial Securities Co., Ltd.	Introduce the three pillar industries and the solar energy industry of the Company.

IV Attachment

i Income Statement

CSG Holding Co., Ltd.
Consolidated Income Statement
For the Third Quarter ended 30 September 2007

	The 3rd quarter of 2007 RMB'000	The 3rd quarter of 2006 RMB'000	From January to September, 2007 RMB'000	From January to September, 2006 RMB'000
Revenue	1,220,229	786,431	3,044,054	2,059,011
Cost of sales	(819,503)	(533,965)	(2,103,687)	(1,402,225)
Gross profit	400,726	252,466	940,367	656,786
Distribution costs	(61,664)	(47,223)	(183,156)	(132,255)
Administrative expenses	(61,486)	(54,157)	(193,082)	(139,024)
Other gains, net	(20,868)	6,021	(16,755)	12,608
Operating profit	256,708	157,107	547,374	398,115
Finance costs, net	(41,285)	(17,942)	(112,103)	(53,970)
Profit before income tax	215,423	139,165	435,271	344,145
Income tax expense	(21,161)	(9,789)	(49,710)	(28,130)
Profit for the year	194,262	129,376	385,561	316,015
Attributable to:				
Equity holders of the Company	144,964	103,351	293,712	255,534
Minority interest	49,298	26,025	91,849	60,481
Earnings per share for profit attributable to the equity holders of the Company during the year				
-Basic/Diluted (RMB per share)	0.143	0.102	0.289	0.252

ii Balance Sheet

CSG Holding Co., Ltd.
Consolidated Balance Sheet
As of 30 September 2007

	30 September 2007 RMB'000	31 December 2006 RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	5,892,394	5,223,044
Land use rights	270,216	215,945
Intangible assets	18,096	17,896
Investment in an associate	0	6,765
Deferred income tax assets	1,385	1,482
Available-for-sale financial assets	51,730	9,078
Prepayment for land use right	0	15,001
	6,233,821	5,489,211
Current assets		
Inventories	350,646	249,417
Properties held for sale	19,383	72,077
Trade and other receivables	617,148	424,862
Derivative financial instruments	0	1,985
Pledged bank deposits	15,867	58,304
Cash and cash equivalents	1,673,694	480,467
	2,676,738	1,287,112
Total assets	8,910,559	6,776,323
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	1,015,463	1,015,463
Other reserves	1,018,273	975,837
Retained earnings	477,965	641,211
	2,511,701	2,632,511
Minority interest	299,688	312,300
Total equity	2,811,389	2,944,811
LIABILITIES		
Non-current liabilities		
Other payable	45,000	45,000
Borrowings	560,469	717,042
	605,469	762,042
Current liabilities		
Trade and other payables	2,636,020	960,230
Current tax liabilities	66,294	31,266
Borrowings	2,773,934	2,056,888
Derivative financial instruments	0	1,013
Provisions for other liabilities and charges	17,453	20,073
	5,493,701	3,069,470
Total liabilities	6,099,170	3,831,512
Total equity and liabilities	8,910,559	6,776,323

iii Cash Flow Statement

CSG Holding Co., Ltd.
Consolidated Cash Flow Statement
For the Third Quarter ended 30 September 2007

	From January to September, 2007 RMB'000	From January to September, 2006 RMB'000
Cash flows from operating activities		
Cash generated from operations	908,519	474,419
Interest paid	(98,840)	(81,492)
Income tax paid	(38,709)	(23,802)
Net cash generated from operating activities	770,970	369,125
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment	(919,475)	(743,692)
Proceeds from sale of property, plant and equipment	66	31,709
Payments for acquisition of land use rights	(45,073)	(13,208)
Payments for acquisition of intangible assets	(17,207)	(9,563)
Acquisition of minority interest	(82,703)	0
Interest received	1,683	2,356
Net cash used in investing activities	(1,062,709)	(732,398)
Cash flows from financing activities		
Proceeds from borrowings	3,817,161	2,719,873
Repayments of borrowings	(3,216,556)	(2,034,596)
Payments of bonds issuance costs	(3,200)	(3,200)
Payments of sponsor fee to security company	(8,000)	0
Dividends paid to Company's shareholders	(457,473)	(182,618)
Dividends paid to minority shareholders	(73,606)	(43,554)
Receipted investment	1,380,000	0
Capital contributed by minority shareholders	8,320	40,741
Pledged bank deposits (placed)/withdrawn	40,873	(76,645)
Net cash generated from financing activities	1,487,519	420,001
Net increase/(decrease) in cash and cash equivalents	1,195,780	56,728
Cash and cash equivalents at beginning of year	480,467	227,763
Exchange losses on cash	(2,554)	372
Cash and cash equivalents at end of report period	1,673,693	284,863

iv Auditors' Report

Auditors' opinions: Un-audited

Board of Directors of
CSG Holding Co., Ltd.
29 October 2007