

Stock code: 000012 / 200012

Short form of the stock: CSG A / CSG B

Notice No.: 2008-035

CSG HOLDING CO., LTD.

SUMMARY of SEMI-ANNUAL REPORT 2008



Chairman of the Board:

ZENG NAN

August 2008

§1 Important Notes

1.1 Board of Directors and the Supervisory Committee of CSG Holding Co., Ltd. and its directors, supervisors and senior executives hereby confirm that there are no any fictitious statements, misleading statements, or important omissions 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 2008, 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, supervisor and senior executive 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 presented the meeting.

1.3 The list of directors who absented the Board meeting.

Name of absence director	Reason of absence	Name of assignee
Xie Rudong	In business leave	Chen Chao

1.4 The Financial statements in this report are not audited.

1.5 Mr. Zeng Nan, Chairman of the Board & CEO of the Company, CFO Mr. Luo Youming and principle of the financial department Mr. Huang Yanbin confirm that the Financial Report enclosed in this 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, 6 th Industrial Road, Shekou, Shenzhen, China	CSG Building, No.1, 6 th 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

2.2 Financial Data Highlights

2.2.1 Major accounting data as of the report period

Unit: RMB Yuan

	30 June 2008	31 December 2007	Increase/decrease at the end of this report period compared with the end of last year (%)
Total assets	9,543,927,240	8,452,981,947	12.91%
Shareholders' equity	4,220,666,426	4,007,014,118	5.33%
Net assets per share (RMB)	3.55	3.37	5.34%
	Jan.~Jun. 2008	Jan.~Jun. 2007	Increase/decrease in this report period compared with the same period in last year (%)
Revenue	492,616,293	231,027,407	113.23%
Total profit	495,964,965	220,411,465	125.02%
Net profit	409,853,633	149,311,395	174.50%
Net profit after deducting extraordinary gain or losses	363,766,326	157,798,332	130.53%
Basic earnings per share	0.35	0.15	133.33%
Diluted earnings per share	0.35	0.15	133.33%
Return on equity (%)	9.71	6.35	Increase 3.36 percentage points
Net cash from operating activities	478,472,634	489,318,656	-2.22%
Net cash from operating activities per share	0.40	0.48	-16.67%

2.2.2 Items of non-recurring gains and losses

☒ Applicable ☐ Inapplicable

Unit: RMB Yuan

Items of non-recurring gains and losses	Amount
losses on disposal of non-current assets	(2,758,927)
Gain on disposal of subsidiary	36,949,521
Gain from available-for-sale financial assets	7,485,292
Other non-operating expenses-net	6,107,599
Tax effects on extraordinary gain and losses	(786,442)
Minority interests	(909,736)
Total	46,087,307

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

☐ Applicable ☒ Inapplicable

§3 Changes in Share Capital and Particulars about Shareholders

3.1 Statement of change in share capital

☒ Applicable ☐ Inapplicable

Unit: share

	Before the change		Increase / Decrease (+/-) in the report period		After the change	
	Amount	Proportion	Others	Sub-total	Amount	Proportion
Restricted shares	352,987,986	29.71%	-153,384,980	-153,384,980	199,603,006	16.80%
1. State-owned shares	0	0	0	0	0	0
2. State-owned legal person's shares	142,050,949	11.96%	-51,213,389	-51,213,389	90,837,560	7.65%
3. Other domestic investor's shares	210,937,037	17.76%	-102,171,591	-102,171,591	108,765,446	9.16%
- Domestic legal person's shares	210,833,868	17.75%	-102,171,591	-102,171,591	108,662,277	9.15%
- Domestic natural person's shares	103,169	0.01%	0	0	103,169	0.01%
4. Foreign investor's shares	0	0	0	0	0	0
- Foreign legal person's shares	0	0	0	0	0	0
- Foreign natural person's shares	0	0	0	0	0	0
Unrestricted shares	834,975,138	70.29%	153,384,980	153,384,980	988,360,118	83.20%
1. RMB ordinary shares	386,396,319	32.53%	153,384,980	153,384,980	539,781,299	45.44%
2. Domestically listed foreign shares	448,578,819	37.76%	0	0	448,578,819	37.76%
3. Overseas listed foreign shares	0	0	0	0	0	0
4. Others	0	0	0	0	0	0
Total shares	1,187,963,124	100%	0	0	1,187,963,124	100%

3.2 Particulars about shares held by the top ten shareholders and the top ten unrestricted shareholders

Unit: share

Unit: share

Total number of shareholders at the end of the report period		70,998 (38,325 of A-share and 32,673 of B-share)			
Particulars about shares held by the top ten shareholders:					
Name	Nature	Total amount	Proportion	Restricted shares	shares pledged or frozen
China Ping'an Trust & Investment Co., Ltd.	-	80,000,000	6.73%	80,000,000	0
Citics Securities Co., Ltd.	State-funded	80,000,000	6.73%	80,000,000	0
Xin Tong Chan Development (Shenzhen) Co., Ltd.	-	69,656,074	5.86%	4,272,643	0
Yiwan Industrial Development (Shenzhen) Co., Ltd.	-	63,459,830	5.34%	11,769,634	0
China North Industries Corporation	State-funded	61,610,716	5.19%	10,837,560	0
Mirae Asset China Solomon Equity Investment Trust 1	Foreign-funded	22,320,293	1.88%	0	0
Guotai Junan Securies Hong Kong Limited	Foreign-funded	21,608,473	1.82%	0	0
Dreyfus Pifi-Dreyfus Premier Greater China	Foreign-funded	18,273,366	1.54%	0	0
Gao-Ling Fund, L.P.	Foreign-funded	18,228,145	1.53%	0	0
China Construction Bank-Penghua Value Advantageous Stock Fund	-	14,964,563	1.26%	0	0
Particulars about the shares held by the top ten unrestricted shareholders:					
Name of shareholders		Holding shares at the report period-end		Type of shares	
Xin Tong Chan Development (Shenzhen) Co., Ltd.		65,383,431		A-share	
Yiwan Industrial Development (Shenzhen) Co., Ltd.		51,690,196		A-share	
China North Industries Corporation		50,773,156		A-share	
Mirae Asset China Solomon Equity Investment Trust 1		22,320,293		B-share	
Guotai Junan Securies Hong Kong Limited		21,608,473		B-share	
Dreyfus Pifi-Dreyfus Premier Greater China		18,273,366		B-share	
Gao-Ling Fund, L.P.		18,228,145		B-share	
China Construction Bank-Penghua Value Advantageous Stock Fund		14,964,563		A-share	
Bank of China- Huaxia Industry Selected Stock Fund (LOF)		14,308,885		A-share	
Industrial and Commercial Bank of China--Jianxin Optimized Collocation Blended Stock Fund		13,397,315		A-share	
Statement on associated relationship among the above shareholders or consistent action	Among shareholders as listed above, Yiwan Industrial Development (Shenzhen) Co., Ltd. and Xin Tong Chan Development (Shenzhen) Co., Ltd. are holding enterprises of Shenzhen International Holdings Limited. Except for this, there is no associated relationship had been found among the other shareholders.				

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

Share options stock or restricted incentive stock of the Company held by the aforesaid persons

☐ Applicable ☒ Inapplicable

§5 Report of the Board of Director

5.1 Main business income classified according to in product:

Unit: RMB'0000

Product	Jan.~Jun., 2008			Increase/decrease in this report period compared with the same period in last year		
	Income of main business	Cost of main business	Gross profit ratio	Income of main business	Cost of main business	Gross profit ratio
Float glass	98,662.64	77,330.35	21.62%	4.51%	6.83%	Decrease 1.70 percentage points
Architectural glass	74,674.97	50,411.59	32.49%	39.36%	37.05%	Increase 1.14 percentage points
Fine glass	26,524.78	14,616.45	44.90%	6.47%	-0.25%	Increase 3.71 percentage points

5.2 Main business income classified according to location:

Unit: RMB'0000

Location	Income of main business	Increase/decrease in this report period compared with the same period in last year
Mainland, P.R.C.	176,964.19	45.35%
Hong Kong, P.R.C.	19,764.39	-21.95%
United States	1,699.50	-73.71%
Australia	3,650.50	7.87%
Others	10,474.52	-58.88%

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

☒ Applicable ☐ Inapplicable

In the report period, solar energy industry was added in the structure of main operation of the Company.

5.4 Explanation on reasons of material changes in profitability of main operations (gross profit ratio) compared with that of the last year

☐ Applicable ☒ Inapplicable

5.5 Analysis on reasons of material changes in profit structure compared with the previous year

☒ Applicable ☐ Inapplicable

Compared with the same period of last year, the solar energy industry was added in the profit

structure of the Company. Ended the report period, the proportion of the income from solar energy industry accounted for 9.67% of the main operations of the Company.

5.6 Application of the proceeds raised through shares offering

5.6.1 Application of the proceeds raised

☒ Applicable ☐ Inapplicable

Unit: RMB'0000

Total raised fund	137,200		Fund used in the report period	45,649		
			Fund used in total	116,647		
Target project	Fund required	Changes in project	Fund used	Profits generated	Is it in Schedule	Conform to the estimated return
1500T/Year poly-silicon project	45,000	No	15,510	Constructing	Yes	-
Wujian Low-E glass project	29,600	No	14,271	472	Yes	Yes
Dongguan glass processing base	35,000	No	6,500	4,526	Yes	Yes
Tianjing Low-E glass project	27,600	No	9,368	1,305	Yes	Yes
Total	137,200	-	45,649	-	-	-
Reasons of failure in meeting the schedule and expected return	N/A					
Explanation of changing in project	N/A					
Usage of remaining fund	Unused fund is RMB 205.53 million. It will be continuously spent and invested in the above target projects.					

5.6.2 Particulars about the changed projects

☐ Applicable ☒ Inapplicable

5.7 The modification plan of Board to the business plan for the second half year

☐ Applicable ☒ Inapplicable

5.8 Estimation on 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 on reason

☒ Applicable ☐ Inapplicable

The company predicts that the accumulated net profit occurred from the year-begin to the end of the 3rd quarter may increase 50% to 100% compared with the same period of last year.

5.9 Explanation of the Management on “Qualified Opinion” from the Certified Public Accountants in the report period by the Board of Directors

☐ Applicable ☒ Inapplicable

5.10 Explanation of the Management on changes and disposal of the issues involved in “Qualified Opinion” from the Certified Public Accountants in the last year by the Board of Directors

☐ 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

Unit: RMB'0000

The other party of transaction	Assets sold	Sale date	Sale price	Net profit contributed to the Company from the year-begin to sales date	Gains and losses from sales	Related transaction or not	Explanation on price setting	Assets rights transferred ownership fully or not	Credit and liability concerned shifted fully or not
Shenzhen Sunlord Electronics Co., Ltd.	100% equity of Shenzhen CSG Electronics Co., Ltd.	2008.1.13	9,679	—	3,695	Not	Taking the net asset confirmed by auditing the accounting statement of the Company ended 31 December 2007 as the price setting basis.	Not	Yes
Shanghai Han Na Curtain Wall Technology Cp., Ltd. and Shanghai Lang Shuo Industrial Trading Co., Ltd.	100% equity of Shenzhen CSG Curtain Wall & PV Engineering Co., Ltd.	2008.1.26	1,125	—	0	Not	Taking the net asset confirmed by auditing the accounting statement of the Company ended 31 December 2007 as the price setting basis.	Not	Yes

6.1.3 Progress of the events and their influence on the Company's operating results and financial status in the report period after the report on assets restructure or public notice on acquisition and sales of assets being published

☒ Applicable ☐ Inapplicable

① Equity sale of Shenzhen CSG Electronic Co., Ltd.

With approval in the 25th meeting of the 4th Board of Directors, the Company sold its 100% equity of its wholly controlled subsidiary: Shenzhen CSG Electronics Co., Ltd to Shenzhen Sunlord Electronics Co., Ltd..

The price for this equity sale was RMB 123.63 million (including RMB 26.84 million due to the Company). The profit about RMB 37 million from this sale was written into item of investment income. This sale is helpful to optimize the resources planning of the Company and advance the asset quality.

The details for this transaction could be found in the announcement Proposal of Asset Sale published

Notice of Planed Asset Sale published on Securities Times, China Securities and Hong Kong Wen Wei Po dated on 16 January 2008.

② Equity sale of Shenzhen CSG Curtain Wall & PV Engineering Co., Ltd.

With approval in the 24th meeting of the 4th Board of Directors, the Company sold its 100% equity of its wholly controlled subsidiary: Shenzhen CSG Curtain Wall & PV Engineering Co., Ltd. to Shanghai Han Na Curtain Wall Technology Cp., Ltd. and Shanghai Lang Shuo Industrial Trading Co., Ltd.. The price for this equity sale is RMB 20.85 million (including RMB 9.6 million due to the Company) .

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
Guarantee of the Company for the controlling subsidiaries	
Total amount of guarantee for controlling subsidiaries in the report period	87,408
Balance of guarantee for controlling subsidiaries at the end of the report period	86,934
Particulars about the guarantee of the Company (Including the guarantee for the controlling subsidiaries)	
Total amount of guarantee	86,934
Proportion of the total guarantee in net assets of the Company (%)	20.60%
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%	25,025
Total amount of guarantee in net assets of the Company exceeded 50%	0
Total amount of guarantee aforesaid	25,025

6.3 Current non-operating 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

① Short term finance bonds

On 10 April 2008, the 2007 Annual Shareholders' General Meeting of the Company approved the issuance of short term finance bonds up to RMB 1.6 billion repayable within one year since inception. The face value of the short term finance bond is RMB 100. The main sales agent organized the underwriting group. These bonds will be issued publicly in National Inter-Bank Bond Market in the ways of bookkeeping files and allocated sales. In the report period, the issuance is reported to National Association of Financial Market Institutional Investors for application and registration.

② Implementation of incentive stock plan

On 10 April 2008, Restricted A Share Incentive Plan has been examined and approved in the 1st meeting of the 5th Board of the Company. CSRC has issued document with no comment for this incentive plan on 28 May 2008. Also, the plan has been approved by the 1st Temporary Shareholders' General Meeting 2008 dated 13 June 2008. In the meeting, the Board of the Company was authorized to be responsible for the

relevant proceedings of the restricted A share incentive plan. Till 14 July 2008, the Company has accomplished the grant for these restricted shares.

The Company issued 49,140,000 restricted A-shares in total to 244 specific employees privately, at price of RMB 8.58 per share. The raised fund is RMB 421,621,200 and this capital has been validated by the Validation Report (VSYZi No.261 (2008)) issued by Vocation International CPA Co., Ltd..

The grant day for this incentive plan is 16 June 2008 and the fair price for the shares of that day is RMB 15.21 per share. According to the relevant regulation of Accounting Standards for Business Enterprises and clauses of this incentive plan, total RMB 325,798,200 has recognised as administration expense for this incentive plan. Concurrently, capital reserve has increased with RMB 325,798,200. This administration expense should be written into gains and losses from the grant day to the day when all the restricted shares are released. However, if stock repurchases happens, the aforesaid expense would be re-estimated in according to repurchasing matters. During the report period, the confirmed administration expense from this incentive program amounts to RMB 3,167,484.

For details of the incentive plan, please refer to the relevant public notice published in China Securities, Securities Times and Hong Kong Wen Wei Po and Juchao Information website dated 16 June, 17 June and 14 July of 2008 respectively.

6.5.1 Particulars about securities investment

☐ Applicable ☒ Inapplicable

6.5.2 Equity of other listed companies held

☒ Applicable ☐ Inapplicable

Unit: RMB Yuan

Stock code	Short Abbr.	Initial investment	Proportion in equity held	Book value at period-end	Gains and losses in report period	Changes in owners' equity
000504	CCID Media	14,223,465	0.74%	12,836,831	5,796,618	(18,279,240)
000566	Hainan Haiyao	714,917	0.14%	2,361,743	1,688,674	(1,945,462)
600695	ST Dajiang	2,000,000	0.13%	5,045,040	-	(2,350,920)
Total		16,938,382	—	20,243,614	7,485,292	(22,575,622)

6.5.3 Special explanations and independent opinions from independent directors.

Independent directors' explanation on capital occupation of the Company's holding shareholders and other related parties is: Ended 30 June 2008, there was no capital occupation of the Company's holding shareholders and other related parties.

Independent directors' explanations on the Company's external guarantee is: In the report period, the Company did not offer any guarantee to its holding shareholders, related parties which share proportion less than 50%, unregistered corporation or individual. In the report period, total guarantee for the holding subsidiaries of the Company is RMB 869.34 million, which accounted for 10.28% of the total asset, and 20.28% of net asset audited at the end of 31 December 2007. All the above guarantee has been approved by board of directors' meeting or shareholders' meeting, and has fulfilled information disclosure responsibility. In a word, we think the Company's external guarantee is in accordance with requirements of Notice of China Securities Regulatory Commission on Regulating Listed Companies' Provision of Guaranty to Other Parties(No. ZJF 120 [2005]) and other relevant regulations.

6.5.4 Additional commitments of restricted share made by the shareholders holding above 5% shares of the Company

☒ Applicable ☐ Inapplicable

The original non-tradable shareholder Yiwan Industrial Development (Shenzhen) Co., Ltd. and Xing Tong Chan Industrial Development (Shenzhen) Co., Ltd. both are wholly-funded subsidiaries to Shenzhen International Holdings Limited (hereinafter Shenzhen International for short) listed in Hong Kong united stock exchange main board. Shenzhen International planed to sell A-shares of CSG amounted above 5% of the CSG group's total shares within six months from 5 June 2008, the day releasing restricted condition of the stock. The price for sale is no less than 8 RMB per share. At the same time, Shenzhen International made commitment that it would strictly carry out related regulations of the Guiding Opinions on the Listed Companies' Transfer of Original Shares Released from Trading Restrictions issued by CSRC during implementing share decreasingly-held plan and take information disclosure responsibility timely.

6.6 Particulars about the reception to investors in the report period

Time	Place	Method	Object	Contents
2008.1.24	Conference Room	Interview	SYWG BNP Paribas Asset Management Co., Ltd.; United Securities Co., Ltd.	Introduction to main industries of the Company
2008.3.25	Conference Room	Interview	GF Securities Co., Ltd.; GF Asset Management (Hong Kong) Ltd.; Guotai Junan Securities Co., Ltd.; Great Wall Fund Management Co., Ltd.; Hua An Fund Management Co., Ltd.; First State Cinda Fund Management Co., Ltd.	Introduction to production of industries, status of new project; and product R&D and operation management of the Company
2008.5.22	Conference Room	Interview	China Post & Capital Fund Management Co., Ltd.; Bank of Communications Schroders Fund Management Co., Ltd.	Introduction to production scale of industries, market situation and industry development status of the Company
2008.5.23	Conference Room	Interview	Deutsche Securities Asia Ltd.; Standard Life Investments (Asia) Ltd.	Introduction to business and operations of the Company
2008.5.27	Conference Room	Interview	Great Wall Securities Co., Ltd.; YinHe Fund Management Co., Ltd.; Fullgoal Fund Management Co., Ltd.; BOC International Securities Co., Ltd.	Introduction to products, operations, market share and development of solar energy industry of the Company

§7 Financial Statement

7.1 Auditor's opinion

Financial Statement	<input checked="" type="checkbox"/> Non-audited <input type="checkbox"/> Audited
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7.2 Financial Statement

CSG HOLDING CO., LTD.
CONSOLIDATED AND COMPANY BALANCE SHEETS
AS AT 30 JUNE 2008

(All amounts in RMB Yuan unless otherwise stated)

	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	The Group	The Group	The Company	The Company
ASSETS				
Current assets				
Cash at bank and on hand	1,385,075,041	1,278,194,239	566,910,871	607,076,960
Notes receivable	118,680,885	84,164,841	-	-
Accounts receivable	330,494,025	313,711,591	-	-
Advances to suppliers	53,411,084	25,383,094	2,952,858	3,571,268
Dividends receivable	-	-	165,127,015	119,859,802
Other receivables	57,112,831	107,187,651	79,340,853	795,518,581
Inventories	349,560,353	325,139,590	-	-
Total current assets	<u>2,294,334,219</u>	<u>2,133,781,006</u>	<u>814,331,597</u>	<u>1,526,026,611</u>
Non-current assets				
Available-for-sale financial assets	20,243,614	43,626,441	20,243,614	43,626,441
Long-term receivables	-	-	1,127,821,295	616,484,860
Long-term equity investments	27,200,000	4,200,000	2,606,651,303	2,300,325,729
Fixed assets	5,303,492,921	5,178,698,489	20,031,481	21,008,581
Construction in progress	1,587,534,574	791,877,561	-	-
Intangible assets	299,885,819	293,919,172	1,758,661	-
Goodwill	3,039,946	3,039,946	-	-
Deferred tax assets	8,196,147	3,839,332	-	-
Total non-current assets	<u>7,249,593,021</u>	<u>6,319,200,941</u>	<u>3,776,506,354</u>	<u>2,981,445,611</u>
TOTAL ASSETS	<u>9,543,927,240</u>	<u>8,452,981,947</u>	<u>4,590,837,951</u>	<u>4,507,472,222</u>

CSG HOLDING CO., LTD.
CONSOLIDATED AND COMPANY BALANCE SHEETS
AS AT 30 JUNE 2008 (CONTINUED)

(All amounts in Rmb Yuan unless otherwise stated)

	30 June 2008	31 December 2007	30 June 2008	31 December 2007
LIABILITIES AND OWNERS' EQUITY	The Group	The Group	The Company	The Company
Current liabilities				
Short-term borrowings	2,815,936,618	2,014,621,320	942,455,180	1,067,199,380
Notes payable	333,791,422	284,555,735	-	-
Accounts payable	520,020,609	616,421,927	-	-
Advances from customers	73,665,819	71,698,511	-	-
Employee benefits payable	26,590,952	46,335,228	10,170,812	8,826,653
Taxes payable	76,143,835	57,438,795	5,529,952	439,915
Interest payable	3,832,777	5,377,281	810,283	423,445
Dividends payable	3,212,124	3,194,116	3,212,124	3,194,116
Other payables	152,340,583	147,521,129	135,940,674	87,492,449
Current portion of non-current liabilities	230,468,610	331,624,057	-	-
Other current liabilities	17,340,443	20,208,284	-	-
Total current liabilities	4,253,343,792	3,598,996,383	1,098,119,025	1,167,575,958
Non-current liabilities				
Long-term borrowings	731,154,419	514,161,431	-	-
Deferred tax liabilities	853,830	7,558,595	826,308	4,643,214
Other non-current liabilities	45,000,000	46,651,667	-	-
Total non-current liabilities	777,008,249	568,371,693	826,308	4,643,214
Total liabilities	5,030,352,041	4,167,368,076	1,098,945,333	1,172,219,172
Owners' equity				
Paid-in capital	1,187,963,124	1,187,963,124	1,187,963,124	1,187,963,124
Capital surplus	1,786,689,300	1,802,280,532	1,796,416,203	1,812,007,435
Surplus reserve	359,176,856	359,176,856	359,176,856	359,176,856
Undistributed profits	884,989,811	653,330,647	148,336,435	(23,894,365)
Translation difference of foreign currency financial statements	1,847,335	4,262,959	-	-
Total equity attributable to equity holders of the Company	4,220,666,426	4,007,014,118	3,491,892,618	3,335,253,050
Minority interest	292,908,773	278,599,753	-	-
Total owners' equity	4,513,575,199	4,285,613,871	3,491,892,618	3,335,253,050
TOTAL LIABILITIES AND OWNER'S EQUITY	9,543,927,240	8,452,981,947	4,590,837,951	4,507,472,222

CSG HOLDING CO., LTD.
CONSOLIDATED AND COMPANY INCOME STATEMENTS
FOR THE FIRST HALF YEAR ENDED 30 JUNE 2008

(All amounts in Rmb Yuan unless otherwise stated)

Items	Jan.~Jun. 2008 The Group	Jan.~Jun. 2007 The Group	Jan.~Jun. 2008 The Company	Jan.~Jun. 2007 The Company
Revenue	2,131,777,092	1,827,324,414	-	-
Less: Cost of sales	(1,442,974,922)	(1,284,184,630)	-	-
Tax and levies on operations	(2,018,866)	(3,499,177)	-	-
Selling and distribution expenses	(106,304,531)	(121,492,320)	-	-
General and administrative expenses	(144,777,403)	(126,837,912)	(18,246,677)	(13,421,074)
Finance expenses - net	4,807,167	(53,503,272)	4,446,682	(757,556)
Asset impairment losses	7,672,943	(6,779,696)	-	-
Add: Investment income	44,434,813	-	362,035,351	-
Operating profit	492,616,293	231,027,407	348,235,356	(14,178,630)
Add: Non-operating income	10,359,617	1,473,768	2,189,913	82,391
Less: Non-operating expenses	(7,010,945)	(12,089,710)	-	-
Including: Loss from disposal of non-current assets	(3,334,216)	(11,274,686)	-	-
Total profit	495,964,965	220,411,465	350,425,269	(14,096,239)
Less: Income tax expenses	(36,274,185)	(28,549,624)	-	-
Net profit	459,690,780	191,861,841	350,425,269	(14,096,239)
Attributable to equity holders of the Company	409,853,633	149,311,395	-	-
Minority interest	49,837,147	42,550,446	-	-
Earnings per share for the profit attributable to the shareholders of the Company during the report period				
- basic	0.35	0.15	-	-
- diluted	0.35	0.15	-	-

CSG HOLDING CO., LTD.
CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS
FOR THE FIRST HALF YEAR ENDED 30 JUNE 2008

(All amounts in Rmb Yuan unless otherwise stated)

Items	Jan.~Jun. 2008 The Group	Jan.~Jun. 2007 The Group	Jan.~Jun. 2008 The Company	Jan.~Jun. 2007 The Company
Cash flows from operating activities				
Cash received from sales of goods or rendering of services	2,340,791,114	2,046,726,219	-	-
Refund of taxes and levies	6,835,548	5,783,623	-	-
Cash received relating to other operating activities	37,090,102	59,897,883	546,504,682	409,739,715
Sub-total of cash inflows	<u>2,384,716,764</u>	<u>2,112,407,725</u>	<u>546,504,682</u>	<u>409,739,715</u>
Cash paid for goods and services	(1,346,081,629)	(1,196,614,061)	-	-
Cash paid to and on behalf of employees	(206,376,486)	(176,914,907)	(28,084,677)	(25,333,110)
Payments of taxes and levies	(191,526,643)	(118,740,329)	(383,189)	(113,149)
Cash paid relating to other operating activities	(162,259,372)	(130,819,772)	(399,145,155)	(194,380,914)
Sub-total of cash outflows	<u>(1,906,244,130)</u>	<u>(1,623,089,069)</u>	<u>(427,613,021)</u>	<u>(219,827,173)</u>
Net cash flows from operating activities	<u>478,472,634</u>	<u>489,318,656</u>	<u>118,891,661</u>	<u>189,912,542</u>
Cash flows from investing activities				
Cash received from disposal of investments	184,031,033	-	278,143,440	-
Cash received from returns on investments	-	-	228,752,267	327,257,735
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	3,714,899	64,193	-	-
Cash received relating to other investing activities	7,890,600	50,481,270	-	-
Sub-total of cash inflows	<u>195,636,532</u>	<u>50,545,463</u>	<u>506,895,707</u>	<u>327,257,735</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(1,253,190,922)	(570,514,876)	(708,533)	(12,040,863)
Cash paid to acquire investments	(23,000,000)	(36,626,300)	(368,325,573)	(224,930,000)
Cash paid relating to other investing activities	(6,946,210)	(10,591,803)	-	-
Sub-total of cash outflows	<u>(1,283,137,132)</u>	<u>(617,732,979)</u>	<u>(369,034,106)</u>	<u>(236,970,863)</u>
Net cash flows from investing activities	<u>(1,087,500,600)</u>	<u>(567,187,516)</u>	<u>137,861,601</u>	<u>90,286,872</u>
Cash flows from financing activities				
Cash received from capital contributions	18,560,000	8,320,000	-	-
Including: Cash received from capital contributions by minority shareholders of subsidiaries	<u>18,560,000</u>	<u>8,320,000</u>	<u>-</u>	<u>-</u>
Cash received from borrowings	3,885,233,279	3,080,197,135	1,263,767,440	1,856,504,000
Sub-total of cash inflows	<u>3,903,793,279</u>	<u>3,088,517,135</u>	<u>1,263,767,440</u>	<u>1,856,504,000</u>
Cash repayments of borrowings	(2,867,311,676)	(2,625,106,522)	(1,372,419,740)	(1,814,463,500)
Cash payments for interest expenses and distribution of dividends or profits	(313,744,698)	(571,393,371)	(188,241,785)	(461,773,050)
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries	<u>(54,088,127)</u>	<u>(57,618,792)</u>	<u>-</u>	<u>-</u>
Cash payments relating to other financing activities	(589,349,077)	(3,700,000)	(389,880,000)	(3,700,000)
Sub-total of cash outflows	<u>(3,770,405,451)</u>	<u>(3,200,199,893)</u>	<u>(1,950,541,525)</u>	<u>(2,279,936,550)</u>
Net cash flows from financing activities	<u>133,387,828</u>	<u>(111,682,758)</u>	<u>(686,774,085)</u>	<u>(423,432,550)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>(9,059,882)</u>	<u>(2,125,648)</u>	<u>(25,266)</u>	<u>(2,625,342)</u>
Net increase in cash and cash equivalents	<u>(484,700,020)</u>	<u>(191,677,266)</u>	<u>(430,046,089)</u>	<u>(145,858,478)</u>
Add: Cash and cash equivalents at beginning of year	<u>1,259,606,553</u>	<u>480,466,714</u>	<u>607,076,960</u>	<u>190,814,911</u>
Cash and cash equivalent at end of year	<u>774,906,533</u>	<u>288,789,448</u>	<u>177,030,871</u>	<u>44,956,433</u>

CSG HOLDING CO., LTD.
CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY
FOR THE FIRST HALF YEAR ENDED 30 JUNE 2008
(All amounts in Rmb Yuan unless otherwise stated)

Items	Attributable to equity holders of the Company					Translation difference of foreign currency financial statements	Sub-total	Minority interest	Total owners' equity
	Paid-in capital	Capital surplus	Surplus reserves	Undistributed profits					
Balance at 1 January 2007	1,015,463,124	578,135,709	329,107,404	708,873,702		929,916	2,632,509,855	312,299,642	2,944,809,497
Movement for the first half year ended 30 June 2007									
Net profit	-	-	-	149,311,395		-	149,311,395	42,550,446	191,861,841
Gains or losses recognized directly in owners' equity	-	20,781,490	-	-		5,659,341	26,440,831	-	26,440,831
- Cash flow hedges	-	(1,983,605)	-	-		-	(1,983,605)	-	(1,983,605)
- Translation difference of foreign currency financial statements	-	-	-	-		5,659,341	5,659,341	-	5,659,341
- Changes in fair value of available-for-sale financial assets	-	28,610,782	-	-		-	28,610,782	-	28,610,782
- Variance for acquisition of minority interests	-	(5,845,687)	-	-		-	(5,845,687)	-	(5,845,687)
Capital contribution and withdrawal by owners	-	102,575	-	-		-	102,575	(30,855,283)	(30,752,708)
- Contribution by minority shareholders	-	102,575	-	-		-	102,575	8,084,036	8,186,611
- Acquisition of minority interests	-	-	-	-		-	-	(38,939,319)	(38,939,319)
Profit distribution	-	-	-	(456,958,406)		-	(456,958,406)	(73,605,869)	(530,564,275)
- Appropriation to surplus reserves	-	-	-	-		-	-	-	-
- Profit distribution to equity owners	-	-	-	(456,958,406)		-	(456,958,406)	(73,605,869)	(530,564,275)
Balance at 30 June 2007	1,015,463,124	599,019,774	329,107,404	401,226,691		6,589,257	2,351,406,250	250,388,936	2,601,795,186

CSG HOLDING CO., LTD.
CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY (CONTINUED)
FOR THE FIRST HALF YEAR ENDED 30 JUNE 2008
(All amounts in Rmb Yuan unless otherwise stated)

Items	Attributable to equity holders of the Company					Minority interest	Total owners' equity	
	Paid-in capital	Capital surplus	Surplus reserves	Undistributed profits	Translation difference of foreign currency financial statements			
						Sub-total		
Balance at 1 January 2008	1,187,963,124	1,802,280,532	359,176,856	653,330,647	4,262,959	4,007,014,118	278,599,753	4,285,613,871
Movement for the first half year ended 30 June 2008								
Net profit	-	-	-	409,853,633	-	409,853,633	49,837,147	459,690,780
Gains or losses recognized directly in owners' equity	-	(18,758,716)	-	-	(2,415,624)	(21,174,340)	-	(21,174,340)
- Translation difference of foreign currency financial statements	-	-	-	-	(2,415,624)	(2,415,624)	-	(2,415,624)
- Net changes in fair value of available-for-sale financial assets	-	(18,758,716)	-	-	-	(18,758,716)	-	(18,758,716)
Capital contribution and withdrawal by owners	-	3,167,484	-	-	-	3,167,484	18,560,000	21,727,484
- Capital contribution by owners	-	-	-	-	-	-	18,560,000	18,560,000
- Expense confirmed for implementing stock incentive plan	-	3,167,484	-	-	-	3,167,484	-	3,167,484
Profit distribution	-	-	-	(178,194,469)	-	(178,194,469)	(54,088,127)	(232,282,596)
- Appropriation to surplus reserves	-	-	-	-	-	-	-	-
- Profit distribution to equity owners	-	-	-	(178,194,469)	-	(178,194,469)	(54,088,127)	(232,282,596)
Balance at 30 June 2008	1,187,963,124	1,786,689,300	359,176,856	884,989,811	1,847,335	4,220,666,426	292,908,773	4,513,575,199

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

With approval in the 24th meeting of the 4th Board of Directors, the Company sold its 100% equity of its wholly controlled subsidiary: Shenzhen CSG Curtain Wall & PV Engineering Co., Ltd. to Shanghai Han Na Curtain Wall Technology Cp., Ltd. and Shanghai Lang Shuo Industrial Trading Co., Ltd.. The Company ceased to consolidate CSG Curtain Wall since 26 January 2008.

With approval in the 25th meeting of the 4th Board of Directors, the Company sold its 100% equity of its wholly controlled subsidiary: Shenzhen CSG Electronics Co., Ltd to Shenzhen Sunlord Electronics Co., Ltd.. The Group ceased to consolidate CSG Electronic since 13 January 2008.

**Board of Directors of
CSG Holding Co., Ltd.
1 August 2008**