CSG HOLDING CO., LTD.

2006 ANNUAL REPORT

CEO:ZENG NAN

March 2007

IMPORTANT NOTICE

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.

Because of not in Shenzhen, Director Mr. Zhou Daozhi absented the Board meeting, and entrusted Independent Director Mr. Long Long to vote on his behalf.

Pricewaterhouse Coopers Zhongtian CPAs Co., Ltd. and Pricewaterhouse Coopers CPAs issued standard and unconditional Auditor's Report for the Company.

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 enclosed in this annual report is true and complete.

This report is prepared both in Chinese and in English. Should there be any difference in interpretation of the text between the two versions, the Chinese version shall prevail.

CONTENTS

I Company Profile

i Legal name of the Company
In Chinese: 中国南玻集团股份有限公司 (Abbr: 南玻集团)
In English: CSG Holding Co., Ltd. (Abbr: CSG)

ii Legal representative: Li Jingqi

iii Secretary of the board of directors: Wu Guobin
Securities affairs representative: Li Tao
Address: CSG Building, No.1, 6th Industrial Road, Shekou, Shenzhen, China.
Tel: (86) 755-26860666
Fax: (86) 755-26692755
E-mail: securities@csgholding.com

iv Registered address and office address: CSG Building, No.1, 6th Industrial Road, Shekou, Shenzhen, China.
Post code: 518067
Internet website: http://www.csgholding.com
E-mail: csg@csgholding.com

v Newspapers for disclosing the information: Securities Times, China Securities Journal and Wen Wei Po.
Internet website designated by China Securities Regulatory Commission for publishing the Annual Report: http://www.cninfo.com.cn
The place where the Annual Report is prepared and placed: Securities Department of the Company.

vi Stock exchange listed with: Shenzhen Stock Exchange
Short form of the stock and stock code (A-share): Southern Glass A (000012)
Short form of the stock and stock code (B-share): Southern Glass B (200012)

vii Other information About the Company

(i) Initial registration date: September 10, 1984.
Initial registration place: State Administration for Industry & Commerce, Shenzhen Municipal office.

(ii) Registration code for business license of the Company: GSWQGYSZ Zi No.100482

(iii) Reference Number of taxation: State S Zi 440301618838577;
Local D Zi 440305618838577.

(iv) The Certified Public Accountants engaged by the Company

A. Domestic: Pricewaterhouse Coopers Zhongtian CPAs Co., Ltd.
Address:11/F., Pricewaterhouse Center, No.202, Huhin Road, Shanghai 200021, China

B. Overseas: Pricewaterhouse Coopers CPAs
Address: 22/F., Prince's Building, Central, Hong Kong, China.

II Financial Highlight

i Major accounting data as of the report period

Unit: RMB'000

Profit before income tax	440,017
Profit for the year	407,686
Gross profit	951,307
Operating profit	545,420
Net cash generated from operating activities	690,627
Net increase in cash and cash equivalents	254,136

In the year 2006, the Company realised a net profit amounting to RMB 332,112 thousand and RMB 407,686 thousand respectively audited by Pricewaterhouse Coopers Zhongtian CPAs Co., Ltd. and Pricewaterhouse Coopers CPAs. The difference between two results was due to:

Unit: RMB'000

As reported under CAS:	332,112
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
As reported under IAS:	407,686

ii Major accounting data and financial indexes over the past three years

Unit: RMB'000

Items	**2006**	**2005**	**2004**
Revenue	2,957,589	2,293,980	1,849,421
Profit for the year	407,686	380,936	337,806
Total assets	6,776,323	5,524,264	4,729,642
Shareholder's equity (excluding minority interests)	2,632,511	2,487,091	2,328,068
Earnings per share (RMB)	0.32	0.31	0.50
Equity per share (RMB)	2.59	2.45	3.44
Net cash generated from operating activities per share (RMB)	0.68	0.88	0.78
Return on equity (%)	12.38	12.81	14.51

iii Particulars about change in shareholders' equity in the report period

Unit: RMB'000

Items	**Share capital**	**Other reserves**	**Retained earnings**	**Total**
Balance at the period-begin	1,015,463	935,869	535,759	2,726,910
Increase in the period	-	45,343	325,920	456,093
Decrease in the period	-	5,375	220,468	238,192
Balance at the period-end	1,015,463	975,837	641,211	2,944,811
Reason of change	-	Profit of the year and appropriation to reserve funds	Profit of the year and appropriation to reserve funds	Profit of the year

III Changes in Share Capital and Particulars about the Shareholders

i Changes in share capital

(i) In the report period, the amount of share capital did not change. Due to the implementation of Share Merger Reform, the changes on stock structure are as follows:

Unit: Share

	Before the change		Increase / Decrease in the period		After the change	
	Amount	Proportion	other	Sub-total	Amount	Proportion
Restricted shares	406,236,830	40.01%	-57,027,862	-57,027,862	349,208,968	34.39%
1. State-owned shares	0	0	0	0	0	0
2. State-owned legal person's shares	130,763,046	12.88%	-17,926,022	-17,926,022	112,837,024	11.11%
3. 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%
4. 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
Unrestricted shares	609,226,294	59.99%	57,027,862	57,027,862	666,254,156	65.61%
1. RMB ordinary shares	160,647,475	15.82%	57,027,862	57,027,862	217,675,337	21.44%
2. Domestic listed foreign shares	448,578,819	44.17%	0	0	448,578,819	44.17%
3. Overseas listed foreign shares	0	0	0	0	0	0
4. Others	0	0	0	0	0	0
Total shares	1,015,463,124	100%	0	0	1,015,463,124	100%

(ii) 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.*

(iii) 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 be listed	Additional listed shares	Restricted condition
1	Yiwan Industrial Development (Shenzhen) Co., Ltd.	113,256,408	24 May 2007	50,773,156	*Note 2*
			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	*Note 2*
			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	*Note 2*
			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	*Note 1*
5	Shenzhen Yuanxiang Business Counsellor Co., Ltd.	2,468,484	24 May 2007	2,468,484	*Note 1*
6	China Everbright Securities Co., Ltd.	1,900,856	24 May 2007	1,900,856	*Note 1*
7	China Merchants Securities Co., Ltd.	1,889,858	24 May 2007	1,889,858	*Note 1*
8	Shenzhen Merchants Real-estate Co., Ltd.	950,428	24 May 2007	950,428	*Note 1*
9	Shenzhen Qiaoshe Industrial Co., Ltd.	756,223	24 May 2007	756,223	*Note 1*
10	Bohai Oil Marketing Company (Tianjin)	655,249	24 May 2007	655,249	*Note 1*

Note 1: The non-tradable shareholders of the Company made commitment that there is no transaction or transfer in the market within 12 months since the implementation of the Share Merger Reform plan.

Note 2: The original non-tradable shareholders whose total stock exceeds 5% of the total shares of the Company sells the original non-tradable shares in listed transaction on Shenzhen Stock Exchange after the expiration of the 12 months (Note 1) and the sales proportion of the total shares of the Company will not exceed 5% in 12 months and 10% in 24 months

(iv) Share issue and listing over the recent three years

Shares of the Company converted in May, 2005. The Company took the total capital stocks of 646,975,416 as the cardinal number on 31 December 2004, increased 5 shares on the fundamental of every 10 shares. After conversion, the total capital stock amounted to 1,015,463,124, and there was no change in capital structure.

ii Particulars about the principal shareholders ended by the report period

(i) Ended by the report period, the Company had totally 45,485 shareholders, which consisted of 18,496 shareholders of A-share and 26,989 shareholders of B-share.

(ii) Particulars about the shares held by top ten shareholders

Unit: Share

Particulars about the shares held by the top ten shareholders

	Name	Nature	Total amount	Proportion	Restricted shares	shares pledged or frozen
①	Yiwan Industrial Development (Shenzhen) Co., Ltd.	Foreign-funded	113,256,408	11.15%	113,256,408	0
②	China North Industries Corporation	State-funded	112,324,822	11.06%	112,324,822	0
③	Xin Tong Chan Development (Shenzhen) Co., Ltd.	Foreign-funded	105,763,353	10.42%	105,763,353	0
④	Shenzhen Yuquan Investment Co., Ltd.	--	19,635,178	1.93%	4,604,735	0
⑤	Value Partners Classic Fund	Foreign-funded	13,067,713	1.29%	0	Unknown
⑥	Nikko Asset Management Co, Ltd., Nikko AM Chinese RMB A-share Parent Fund	--	11,300,748	1.11%	0	Unknown
⑦	HTHK-Value Partners Intelligent FD-China B SHS FD	Foreign-funded	9,140,946	0.90%	0	Unknown
⑧	UBS Warburg Custody Pte Ltd.	Foreign-funded	9,113,652	0.90%	0	Unknown
⑨	Xuan Wei Co., Ltd.	Foreign-funded	8,500,060	0.84%	0	Unknown
⑩	China-Southern Excellent Growth Stock Securities Investment Fund	--	7,882,024	0.78%	0	Unknown

Particulars about the shares held by the top ten unrestricted shareholders

	Name	Unrestricted shares	Type
①	Shenzhen Yuquan Investment Co., Ltd.	15,030,443	A share
②	Value Partners Classic Fund	13,067,713	B share
③	Nikko Asset Management Co, Ltd., Nikko AM Chinese RMB A-share Parent Fund	11,300,748	A share
④	HTHK-Value Partners Intelligent FD-China B SHS FD	9,140,946	B share
⑤	UBS Warburg Custody Pte Ltd.	9,113,652	B share
⑥	Xuan Wei Co., Ltd.	8,500,060	B share
⑦	China-Southern Excellent Growth Stock Securities Investment Fund	7,882,024	A share
⑧	KGI Asia Limited	7,428,620	B share
⑨	UBS SDIC Core Enterprise Stock Securities Investment Fund	6,974,059	A share
⑩	Southern High Growth Stock Opening Securities Investment Fund	6,568,660	A share

Statement on associated relationship among the above 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.

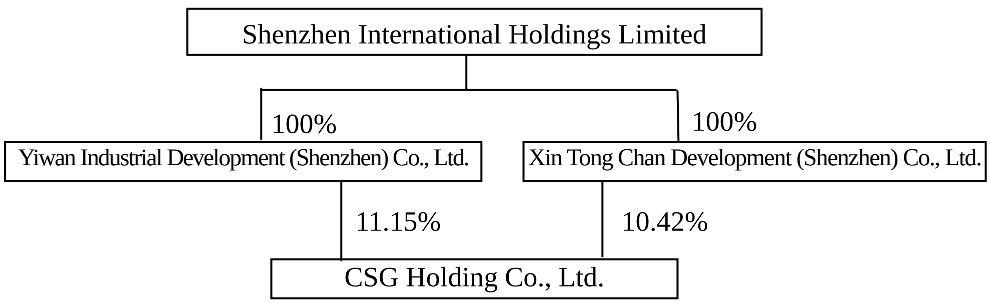
(iii) Brief introduction of actual controller of the Company

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.

The property relationship between the actual controller and the Company is as follow:



(iv) Brief introduction of corporate shareholders holding no less than 10% of total shares of the Company

Yiwan Industrial Development (Shenzhen) Co., Ltd. was founded on 13 September 1994. Its registered capital is HKD 20 million.

Legal representative: Guo Yuan

Business scope: Manufacture and operation of construction material, decoration material, new-style macromolecular material, energy saving electromechanical products, refining chemical industry products and etc.

China North Industries Corporation was founded in 1980. Its registered capital is RMB 1,879.64 thousand.

Legal representative: Zhang Guoqing

Business scope: defense products, international project contract, chemical engineering, photo-electricity, sports equipments, vehicles, logistics, and etc.

Xin Tong Chan Development (Shenzhen) Co., Ltd. was founded on 8 September 1993. Its registered capital is RMB 200 million.

Legal representative: Zhong Shanqun

Business scope: Consultation of transport information, development of special-purpose software for transport platform and setting up various industrial projects.

IV Directors, Supervisors, Senior Executives and Employees

i Directors, supervisors and senior executives

(i) Basic status

Name	Title	Sex	Age	Term office	Shares held at the year-begin	Shares held at the year-end	Reason for change
Li Jingqi	Chairman of the Board	Male	50	2005/4~2008/4	-	-	-
Zeng Nan	Vice Chairman / CEO	Male	62	2005/4~2008/4	101,520	137,559	Share Merger Reform
Long Long	Independent Director	Male	51	2005/4~2008/4	-	-	-
Yan Ganggang	Independent Director	Male	47	2005/4~2008/4	-	-	-
Zhang Jianjun	Independent Director	Male	42	2005/4~2008/4	-	-	-
Zhou Daozhi	Director	Male	57	2005/4~2008/4	-	-	-
Guo Yongchun	Director	Male	39	2005/4~2008/4	-	-	-
Liu Jun	Director	Male	43	2005/4~2008/4	-	-	-
Wu Guobin	Director / Vice president / Secretary of the Board of Directors	Male	42	2005/4~2008/4	-	-	-
Liu Sanhua	Chairman of the Supervisory Committee	Male	36	2006/7~2008/4	-	-	-
Yang Hai	Supervisor	Male	45	2005/4~2008/4	-	-	-
Zhao Xijun	Supervisor	Male	38	2005/4~2008/4	-	-	-
Luo Youming	Chief Financial Officer	Male	44	2005/11~2008/4			
Ke Haiqi	Vice president	Male	41	2005/4~2008/4	-	-	-
Zhang fan	Vice president	Male	41	2005/11~2008/4	-	-	-

(ii) Particulars about directors, supervisors holding the posts in Shareholding Company

Name	Name of Shareholding Company	Title in Shareholding Company	Term office	Get remuneration or not
Li Jingqi	Xin Tong Chan Development (Shenzhen) Co., Ltd.	Director	Sep. 2002 to now	No
Li Jingqi	Yiwan Industrial Development (Shenzhen) Co., Ltd.	Director	Dec. 2002 to now	No
Guo Yongchun	China North Industries Corporation	Manager of the Investment Department	2nd Jul. 2003 to now	Yes
Liu Jun	Xin Tong Chan Development (Shenzhen) Co., Ltd.	Director	Sep. 2002 to now	No
Liu Jun	Yiwan Industrial Development (Shenzhen) Co., Ltd.	Director	Apr. 2000 to now	No
Yang Hai	Yiwan Industrial Development (Shenzhen) Co., Ltd.	Director	Apr. 2000 to now	Yes
Yang Hai	Xin Tong Chan Development (Shenzhen) Co., Ltd.	Director	Mar. 2001 to now	No

(iii) Major work experiences of directors, supervisors and senior executives, and particulars about holding the posts or concurrent posts in other companies.

Li Jingqi, took posts of Assistant General Manager of exchange center of Bank of China (Hong Kong), Section Chief of exchange capital department of Bank of China, Shenzhen branch, President of Bank of China, Shatoujiao sub-branch, President Assistant of Shenzhen Investment Management Company, Vice President of Shenzhen International Holding Co., Ltd.. At present, besides taking the post of shareholding companies, he concurrently holds posts of Executive Director and President of Shenzhen International Holdings Ltd., and Director of Shenzhen Expressway Company Ltd.

Zeng Nan, took posts of Director General Manager and Director President of the Company. At present, he takes posts of the Vice Chairman of the Board, President and CEO of the Company.

Long Long, takes posts of Director of Council and Director of Industry Economy Information Center of Comprehensive Development Academe (Shenzhen. China), and concurrently holds the post of Independent Director of Guizhou Huachuang Securities Co., Ltd..

Yan Ganggang, took posts of Deputy Director General of Regulatory Section of Legislative Affairs Bureau of Shenzhen Municipality, lawyer of Shenzhen Tianjun Law Office, and the Legal Representative of Guangdong Liang & Yan Law Office. At present, he is the lawyer of Guangdong Zhongzhen Law Office.

Zhang Jianjun, took posts of Subdecanal of Accounting College of Jiangxi University of Finance & Economics, Vice-president of Sino-Hawk Credit Rating Co., Ltd.. At present, he is Dean and Professor of Economy College of Shenzhen University. Besides, he concurrently holds posts of Independent Director of Shenzhen Property Development (Group) Stock Co., Ltd., and Independent Director of Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd., and Independent Director of Zhaoqing Guangdong Star Lake Bioscience Co..

Zhou Daozhi, took posts of Vice-president of China Everbright Bank, Standing Deputy Manager of Everbright Securities Co., Ltd. and Everbright Financial Holding (HongKong), Chairman and Secretary of the Party Committee of Boshi Fund Management Co., Ltd..

Guo Yongchun, took posts of Section Chief of Operational Management Department of China North Industries Corporation, Director of Information Department of China

North Industries Corporation, General Manager of North Exhibition & Ads Company. At present, besides taking the post of Shareholding Company, he concurrently holds the post of Chairman of Chengdu Yinhe Dynasty Hotel Co Ltd.

Liu Jun, took posts of Accountant at the financial department of China North Industries Group Corporation, Undersecretary of planning & finance department of Shenzhen Investment Management Company, Deputy Director General of comprehensive division of Shenzhen State-owned Assets Management Office, Director of merchant's department of Shenzhen governmental Foreign Investment Bureau. At present, besides taking the post of shareholding companies, he concurrently holds posts of Executive Director and Vice President of Shenzhen International Holdings Ltd., Chairman of Total Logistics (Shenzhen) Co., Ltd., and Director of Shenzhen Expressway Company Ltd..

Wu Guobin, took posts of Manager of securities department of the Company and Assistant of General Manager of the Company. At present, he is Director, Vice-president and Secretary of Board of Directors of the Company.

Liu Sanhua, took posts of manager of ministry of audit of Zhongtian Accountants Office, Internal Auditor of ministry of audit of China North Industries Corporation, CFO of Chengdu Yinhe Dynasty Hotel Co. Ltd., Deputy Director of Inspectorate Department. Now he is the Chief Accountant of China Wanbao Engineering Corporation, the Chairman of the Board of Norinco International Contruction Ltd., and the Chairman of the Supervisory Committee of Daofangda Investment Co. Ltd..

Yang Hai, took posts of Assistant Director of the Second Highway Transport Engineering Bureau of Transportation Department, Deputy General Manager of Shenzhen Expressway Co., Ltd., and Vice President of Shenzhen International Holdings Ltd. At present, besides taking the post of shareholding companies, he holds posts of Chairman of Shenzhen Expressway Co., Ltd..

Zhao Xijun, took posts of Finance Manager of Architectural Glass Department of the Company, Assistant of General Manager of Shenzhen CSG Electronic Co., Ltd., Finance Manager of Guangzhou CSG Glass Co., Ltd.. At present, he is supervisor and Manager of Audit Department of the Company.

Luo Youming, took posts of Manager at the Financial Management Department of the Company and Assistant Chief Financial Officer of the Company. At present, he is Chief Financial Officer of the Company.

Ke Hanqi, took posts of General Manager of Refined Glass & Microelectronics Department of the Company, General Manager of Shenzhen CSG Wellight Conductive Coating Co., Ltd.. At present, he is Vice President of the Company.

Zhang Fan, took posts of General Manger of Shenzhen CSG Electronics Co., Ltd., General Manager of Shenzhen CSG Glass Co., Ltd., General Manager of Float Glass Department and President Assistant of the company. At present, he is Vice president of the Company.

(iv) Particulars about the annual remuneration of directors, supervisors and senior executives

A The annual payment of the senior executives is decided by the Board of Directors of the Company and carried out under the system of basis salary plus floating premium binding with the achievements. The premium is decided by the annual return on equity. It takes the annual net profit total after taxation as the assessment basis, and withdraws the premium of achievements with proportion.

B Particulars about the annual payment of directors, supervisors and senior executives

Name	Title	Total amount of annual remuneration (RMB'0000)
Zeng Nan	Vice chairman of the Board / CEO	92.27
Long Long	Independent Director	5.00
Yan Ganggang	Independent Director	5.00
Zhang Jianjun	Independent Director	5.00
Wu Guobin	Director / Vice president / Secretary of the Board of Directors	63.99
Zhao Xijun	Supervisor	40.05
Luo Youming	Chief Financial officer	67.15
Ke Hanqi	Vice president	69.94
Zhang Fan	Vice president	72.12
Total		420.52

C The following directors and supervisors received no remuneration or allowance from the Company: Mr. Li Jingqi, Mr. Zhou Daozhi, Mr. Guo Yongchun, Mr. Liu Jun, Mr. Liu Sanhua, and Mr. Yang Hai.

(v) Changing of directors, supervisors and senior executives in the report period

A On 21 January 2006, the directorate approved the resign application of the former Vice president Mr. Lu Wenhui at the 4th Meeting of the 4th Board of Directors.

B On 17 March 2006, the directorate approved the resign application of the former Vice president Mr. Yuan Dingfu at the 5th Meeting of the 4th Board of Directors.

C On 12 July 2006, the 2006 1st Extraordinary Shareholders' General Meeting approved the resign application of the former Chairman of Supervisory Committee of CSG Group Mr. Jiao Zhiren due to job transfer and elected Mr. Liu Sanhua as Supervisor; The 9th Meeting of the 4th Board of Directors elected Mr. Zeng Nan as Vice-Chairman of the board of the Company; The 8th Meeting of the 4th Board of Directors elected Mr. Liu Sanhua as the Chairman of Supervisory Committee of the Company.

D On 21 August 2006, the 2006 2nd Extraordinary Shareholders' General Meeting accepted the resign application of the former Chairman of the Board, Mr. Chen Chao, due to job transfer and elected Secretary of the Board, Mr. Wu Guobin, as Director of the 4th Board of Directors; The 11th Meeting of the 4th Board of Directors elected Mr. Li Jingqi as the Chairman of the 4th Board.

ii Employee of the Company

Categories	Number of person	Proportion (%)
Generative personnel	5,441	78.42
Marketing personnel	235	3.39
Technical personnel	756	10.90
Financial personnel	113	1.63
Administrative personnel	393	5.66
Total	6,938	100

At the end of the report period, there were 3,783 employees received college, polytechnic school or higher education, accounting 54.53% of the total employees. In the report period, there was no retired employee who was paid by the Company.

V Corporate Governance Structure

i Corporate Governance

Strictly conforming to the requirements of relevant laws and regulations such as Company Law, Securities Law of PRC and Code of Corporate Governance for Listed Companies in China, etc., the Company established modern enterprise system and the corporate governance structure were operated well. In the report period, based on the relevant regulations such as Company Law, Securities Law of PRC and Stock Listing Rules of Shenzhen Securities Exchange (the Revised Edition of 2006), etc, the Company comprehensively revised articles of association, further standardized the operation, and enhanced the corporate governance level of the Company.

ii Performance of independent directors

Since independent directors took their positions, they implemented their duties according to relevant laws and regulations, actively attended the Board meeting and Shareholders' General Meeting with the serious and responsible attitude, issued independent opinion on significant matters, and took active effect in order to protect the interests of the Company and small or medium shareholders.

Particulars about independent directors' presenting the Board meeting:

Name	Times that should be attend the Board Meeting	Times of personal presence	Times of commission presence	Times of absence
Long Long	7	6	1	0
Yan Ganggang	7	7	0	0
Zhang Jianjun	7	7	0	0

iii Separation between the Company and its principal shareholders in terms of business, personnel, assets, organization and finance

The Company has been absolutely independent in business, personal, assets, and organization and financial from its holding shareholders ever since its establishment. The Company had an independent and complete business system and independent management capability.

(i) In terms of business: The Company has owned independent purchase and supply system of the raw resources, completely production systems, independent sale system and customers. The Company has been completely independent from the holding shareholders in business. The holding shareholder and their subsidiaries don't engage any same business or similar business with the Company.

(ii) In terms of personnel: The Company is absolutely independent in the management of labor, personnel and salaries. General manager, person in charge of financing and other senior executives receive their payment from the Company and have not received any remuneration from the holding shareholders or held any title therein.

(iii) In terms of assets: The Company possesses independent production system, auxiliary production system and complementary facilities. The intangible assets, such as industrial property rights, trademark, patent & non-patent technologies, etc. solely belong to the

Company. The Company has independent purchase and sales system. The assets invested by the holding shareholder are independent and complete, and the ownership and rights are clear. The operation and management of listed company is never occupied or dominated, and not even interfered by the holding shareholder.

(iv) In terms of organization: The Company has been totally independent from its holding shareholders in production, operation and administration. The Company has its own office and production sites. The holding shareholder and their subsidiaries never instruct any operation plans and dictates related with the Company to the Company and subsidiaries, and never interfere with the independence of the operation and management of the Company in any form.

(v) In terms of finance: The Company has independent financial department and has established independent accounting calculation system & financial management system. The Company has independent bank accounts. The Company has paid tax independently according to the laws.

iv Evaluation and incentive mechanism of senior executives in the report year

The Board of Directors approved the incentive measure for outstanding achievement of management team based on total net profit after tax in the current year and annual return on equity as assessment basis. Namely, the management team could obtain the award only when the annual return on equity reached 8%. Otherwise, they could not take incentives of outstanding achievement. When the return on equity reached 8%, the management team would take the proportion of 6% based on the total net profit after tax as bonus. While the return on equity exceeded 8%, for every 1% increasing over 8%, the proportion of bonus of outstanding achievement would increase by 0.2% accordingly based on proportion of 6%.

The Company passed the Stock Option Incentive Plan (Protocol) of CSG, to award 50,000,000 A share options to whom confirmed by the Company as incentive people in the 12th Meeting of the 4th Board of Directors. Each stock option has the right to buy one CSG A share by exercise price and on exercise condition on unrestricted date in 5 years after the authorization day. To read the complete content of the proposal, please refer to the public notice published on China Securities Journal, Security Times, Wen Wei Po and Cninfo website (www.cninfo.com.cn) dated 25 September 2006. The incentive plan is under the examination and approval of China Securities Regulatory Committee (CSRC), and it could be implemented only when passed by CSRC and approved by Shareholder's General Meeting of the Company.

VI Brief Introduction to Shareholder's General Meeting

In the report period, the Company has held one Shareholders' General Meeting, two Extraordinary Shareholders' General Meeting, and relevant shareholder's meetings in relation to Share Merger Reform.

i The Company held the meeting of relevant shareholders in relation to Share Merger Reform on the spot on 25 April 2006; the online voting time of the meeting was from 21 April 2006 to 25 April 2006. The resolution of the meeting has been published on Securities Times and China Securities Journal dated 26 April 2006.

ii The Company held the 2005 Shareholder's General Meeting on 28 April 2006, the resolution of the meeting has been published on Securities Times, China Securities Journal and Hong Kong Wen Wei Po dated 29 April 2006.

iii The Company held the 2006 1st Extraordinary Shareholders' General Meeting on 12 July 2006, the resolution of the meeting has been published on Securities Times, China Securities Journal and Hong Kong Wen Wei Po dated 13 July 2006.

iv The Company held the 2006 2nd Extraordinary Shareholders' General Meeting on 21 August 2006, the resolution of the meeting has been published on Securities Times, China Securities Journal and Hong Kong Wen Wei Po dated 22 August 2006.

VII Report of the Board of Directors

i Operation of the Company

(i) Reviews on the operation of the Company

A The general operations of the Company in the report period

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.

B Sales and operation of the Company

★ 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

★ Sales classified according to locations:

Unit: RMB'000

	2006	**2005**
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

★ Major suppliers and customers

In the report period, the total purchase amount of the top five suppliers of the Company was RMB 399.94 million, accounting 22.32% of the total annual purchase amount, while the total sales amount of the top five customers of the Company was RMB 313.24 million, accounting 11% of the total annual sales amount.

C In the report period, relevant data of cash flows and reason for change

Unit: RMB'000

Items	**2006**	**2005**	**Change amount**	**Analysis on reason**
Net cash generated form operating activities	690,627	896,741	-206,114	Influenced by account payables.
Net cash used in investing activities	(1,069,561)	(1,034,655)	-34,906	External investment increased.
Net cash generated from of financing activities	633,070	72,299	560,771	Investment loans increased.

D Particulars about the wholly owned and jointly controlled subsidiaries

Please refer to Note 32 of the Auditors' Report.

(ii) View on the future of the Company

A Trend of development of the Company’s industries

Float glass industry: It is predicted that the relationship between demand and supply of the float glass industry will stay steady in 2007, but the contradictions and problems such as potential surplus in the production capability, irrational structure and etc still remains. Furthermore, the price fluctuation of the raw materials will cause uncertainty to the operational activities.

Processing glass industry: With the imperative enforcement of the national architectural energy conservation policy, the energy conservation for buildings will continuously drive the development for the market of architectural energy-saving products. The market demand of energy-saving glass will still retain the prosperity relatively in 2007.

Fine glass industry: Under the growth of the 3G communication business, the mobile market has a higher requirement for the color screens, which generates a larger market for color filters. At the same time, the upgrade and renewal of information products such as PDAs and car communication devices also give significant impetus to the market of the medium and small-sized LCD. The market of fine glass products will retain its satisfying growth in 2007.

B Development strategy and operation plan of the Company for the coming year

The development strategy for the year 2007 of the Company is to enhance the productivity on the basis of the existing products’ advantages. In the conventional glass industry sector, taking the implementation of national architectural energy conservation policy as an opportunity, the Company will quickly finish its geographical layout for its engineering glass business, forming four major production bases in north, south, east and west of China separately, enlarge the capacity, and improve the domestic and overseas market share for the engineering glass products. At the same time, the Company will also boost the self-consumption capacity for its float glass products, which helps to drive the development of the upstream industry and further reduces the influence on the profit of the Company by the market fluctuation, and creates a steady profit growth. In 2007, the Company will continue developing the competitive power for its fine glass and microelectronic businesses, and improve the overall profitability through the achievement of innovation and scale economy. In order to change the situation of large amount of fixed assets and increase the relative low turnover fundamentally, the Company must achieve a new breakthrough in its industry structure and creates new businesses from the traditional industry. Under the potential crisis of fossil energy and continuous environment deterioration, many countries has started exploiting and using solar energy, this trend will lead the solar photovoltaic industry becoming one of the highest growth business in world. As another developing strategy, the Company will exert itself to build a complete solar photovoltaic industry chain from the production of poly-silicon, solar photovoltaic cell and solar cell module to the installation and design of solar photovoltaic system and etc. The solar photovoltaic industry will become one of the pillar industries for the Company and offer a solid foundation for the high-growth turnover and profit in the future. At the same time, the Company will build and promote a new cooperation culture and working atmosphere, and accelerate the speed of innovation for new products; strengthen the integration of the internal resources and optimize the assets utilization rate; strengthen the control of quality cost, impel the perfect management, and improve the comprehensive managerial levels of the Company.

The Company’s new annual operation plan is as follows:

- ⋆Carrying out elaborate management, plan and operation, and enhancing the soft strength and skills of our teams to ensure the accomplishment of our construction and operation targets in the year of 2007;
- ⋆ Further strengthen the implementation of the comprehensive budget management, carry out effective measures that can fulfill the realization of various operational targets. At the same time, reinforce the supervision of the Company, and obtain the maximum market share with the minimum cost;
- ⋆Perfect the evaluation system for cadres and enhance the mechanism of performance appraisal and performance improvement. Reinforce the training and reservation of middle and senior management personnel to meet the rapid development of the Company. Pay attention to the training of cadres and frontline staff, and build effective manager incentive mechanism;
- ⋆Continuously carry out secure financial policy, strictly prevent operational risks and financial risks, further strengthen the control on cash flow, account receivables and inventories;
- ⋆Improve the level of information management, finish the construction of ERP system, and improve the overall work efficiency and managerial level of the Company;
- ⋆Further regulate the Corporate Governance Structure of the Company, standardize the operation, and continuously strengthen the internal audit and control to allow the Company to develop smoothly and constantly.

C Demand for capital, capital use plan and capital resources

For the year 2007, the Company requires about RMB 2.2 billion in total for its project investment plan, the capital resources are mainly from the Company's own capital, private placement, and loans from financial institutions.

ii Investment

(i) Raising funds

The Company did not raise any fund through share offering or used any fund raised through previous share offering till the report period.

(ii) Investment of the non-raising funds

A Chengdu CSG Glass Industrial Base: 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.

B Color Filter Project: 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.

C Alteration Project of Shenzhen Float Glass line 1: The Company carried out a comprehensive technical alteration on Shenzhen Float line 1 during the industry offpeak season at the beginning of 2006. 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.

D Dongguan CSG Engineering Glass Project: This project is established in Dongguan Green Energy Industrial Park with RMB 670 million proposed investment amount. The company plans to establish an imported production line of glass coating with yearly output of 5 million square meters, and integrate the existing assets and resources to concentrate the present processing capabilities in Shenzhen and move to Dongguan to form a centralized glass processing center in South China. 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.

E Tianjin Energy-saving Glass Project: RMB 384 million is expected to be invested in this project to establish a production base for glass deep processing, of which the technical level and production scale are equivalent to those of the Tianjin CSG Engineering Glass Co., Ltd. The base mainly produces the energy-saving low-E glass and its composite-processing products. This new production base will form an annual production capability of Low-E and insulating composite products with a yearly output of 2.50 million square meters. 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.

F Wujiang CSG Engineering Glass Project: RMB 433 million is expected to be invested in this project to establish two coated glass production lines and other supporting processing production lines in two phases. This project is designed to produce environmental energy-saving Low-E coated glass and the composite processing series in Wujiang Economic Development Zone of Jiangsu Province. 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 will form a production capability of energy-saving, Low-E and insulating composite products with a yearly output of 2.50 million square meters after the whole project is completed.

G Solar Super White Glass Project: This project is established in Dongguan Green Energy Industrial Park. RMB 150 million has been invested in this project to establish a solar super white glass production line with a daily capacity of 250 tons. The yearly output of Solar Super White glass will be about 79,000 tons. The production line was successfully ignited at the end of October 2006 and was officially put into business operation in February 2007.

H Poly-silicon Materials Project: This project is established in Yichang Economical & Technological Development Zone of Hubei Province. It is expected to establish a production base with capacity of 4,500 to 5,000 tons poly-silicon in several investment phases. Investment of Phase 1 is estimated to be RMB 780 million to form a poly-silicon production line with a yearly output of 1,500 tons, including solar grade and electronic grade high purity poly-silicon materials, solar silicon wafer, etc., of which the construction term is about eighteen months. The related agreements have been formally signed between Russian Institute of Rare Earth Metallurgy and the Company. 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.

I Solar Photovoltaic Battery Project: RMB 100 million is expected to be invested in Phase 1 of the project to establish a solar photovoltaic cell production line with a yearly production of 25 megawatts. The project is in the preparation phase, and it is estimated to launch the production at the end of 2007.

iii Routine work of the Board of Directors

(i) The meeting and resolutions of the Board of Directors

In the report period, the Company totally held 12 meetings.

A On 21 January 2006, the Company held the 4th Meeting of the 4th Board of Directors. The resolution of the meeting was published on Securities Times, China Securities Journal and Hong Kong Ta Kung Pao dated 24 January 2006.

B On 17 March 2006, the Company held the 5th Meeting of the 4th Board of Directors. The resolution of the meeting was published on Securities Times, China Securities Journal and Hong Kong Wen Wei Po dated 21 March 2006..

C On 28 April 2006, the Company held the 6th Meeting of the 4th Board of Directors, and the Meeting examined and approved The First Quarter Report for 2006 of CSG Holding Co., Ltd.

D On 22 May 2006, the Company held the 7th Meeting of the 4th Board of Directors. The resolution of the meeting was published on Securities Times, China Securities Journal and Hong Kong Wen Wei Po dated 23 May 2006.

E On 21 June 2006, the Company held the 8th Meeting of the 4th Board of Directors. The resolution of the meeting was published on Securities Times, China Securities Journal and Hong Kong Wen Wei Po dated 23 June 2006.

F On 12 July 2006, the Company held the 9th Meeting of the 4th Board of Directors. The resolution of the meeting was published on Securities Times, China Securities Journal and Hong Kong Wen Wei Po dated 13 July 2006.

G On 28 July 2006, the Company held the 10th Meeting of the 4th Board of Directors. The resolution of the meeting was published on Securities Times, China Securities Journal and Hong Kong Wen Wei Po dated 1 August 2006.

H On 4 August 2006, the Company held the Extraordinary Meeting of the 4th Board of Directors. The resolution of the meeting was published on Securities Times, China Securities Journal and Hong Kong Wen Wei Po dated 5 August 2006.

I On 21 August 2006, the Company held the 11th Meeting of the 4th Board of Directors. The resolution of the meeting was published on Securities Times, China Securities Journal and Hong Kong Wen Wei Po dated 22 August 2006.

J On 20 September 2006, the Company held the 12th Meeting of the 4th Board of Directors. The resolution of the meeting was published on Securities Times, China Securities Journal and Hong Kong Wen Wei Po dated 25 September 2006.

K On 25 October 2006, the Company held the 13th Meeting of the 4th Board of Directors. The resolution of the meeting was published on Securities Times, China Securities Journal and Hong Kong Wen Wei Po dated 27 October 2006.

L On 24 November 2006, the Company held the 14th Meeting of the 4th Board of Directors. The resolution of the meeting was published on Securities Times, China Securities Journal and Hong Kong Wen Wei Po dated 25 November 2006.

(ii) Implementation of the resolutions of Shareholders' General Meeting by the Board of

Directors

A The Company's Shareholders' General Meetings relating to Share Merger Reform have approved the Share Merger Reform plan, the Company has published the implementary resolutions on 22 May 2006, and implemented the Share Merger Reform on 23 May 2006.

B The Company's 2005 Shareholders' General Meeting approved the year 2005 profit distribution plan. Based on the total share capital of 1,015,463,124 shares at the end of 2005, the Company distributed cash dividends to all the shareholders at the rate of RMB 1.8 (tax included) for every 10 shares. The public notice on the 2005 Dividend Distribution was published on Securities Times, China Securities Journal and Hong Kong Wen Wei Po dated June 9, 2006, and the implementation of the cash distribution was realised.

C The 1st Extraordinary Shareholders' General Meeting of 2006 and the 2nd Extraordinary Shareholders' General Meeting of 2006 respectively accepted the resignations of Mr. Jiao Zhiren, the former chairman of the Supervisory Committee, and Mr. Chen Chao, the former Chairman of the Board, and respectively elected Mr. Liu Sanhua as the Supervisor of the Supervisory Committee and Mr. Wu Guobin as the Director of the Board of Directors. These concerned have arrived on schedule.

iv Preplan of profit distribution

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.

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

(ii) 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.

v Other events

The former newspapers for information disclosure designated by the Company were Securities Times, China Securities Journal and Hong Kong Ta Kung Pao, and they have been changed to Securities Times, China Securities Journal and Hong Kong Wen Wei Po since March 2006.

VIII Report of the Supervisory Committee

i. Particular about working of the Supervisory Committee

In the report period, Supervisory Committee of the Company held 8 meetings in total.

(i) The 4th meeting of the 4th Supervisory Committee was held on 21 January 2006 and the Meeting examined and approved Financial Budget Report and Investment Budget Report of the year 2006 of the Company..

(ii) The 5th meeting of the 4th Supervisory Committee was held on 17 March 2006, and the resolution of the meeting was published on Securities Times, China Securities Journal and Hong Kong Wen Wei Po dated 21 March 2006..

(iii) The 6th meeting of the 4th Supervisory Committee was held on 28 April 2006, and the meeting examined and approved the First Quarter Report for 2006 of CSG Holding Co., Ltd.

(iv) The 7th meeting of the 4th Supervisory Committee was held on 21 June 2006, and the resolution of the meeting was published on Securities Times, China Securities Journal and Hong Kong Wen Wei Po dated 23 June 2006.

(v) The 8th meeting of the 4th Supervisory Committee was held on 12 July 2006, and the resolution of the meeting was published on Securities Times, China Securities Journal and Hong Kong Wen Wei Po dated 13 July 2006.

(vi) The 9th meeting of the 4th Supervisory Committee was held on 28 July 2006, and the resolution of the meeting was published on Securities Times, China Securities Journal and Hong Kong Wen Wei Po dated 1 August 2006.

(vii) The 10th meeting of the 4th Supervisory Committee was held on 20 September 2006, and the resolution of the meeting was published on Securities Times, China Securities Journal and Hong Kong Wen Wei Po dated 25 September 2006.

(viii) The 11th meeting of the 4th Supervisory Committee was held on 25 October 2006, and the resolution of the meeting was published on Securities Times, China Securities Journal and Hong Kong Wen Wei Po dated 27 October 2006.

ii. Independent opinion of the Supervisory Committee

(i) Operation according to the Law

The Supervisory Committee of the Company knew and mastered the operation and financial situation of the Company through attending as nonvoting delegate and took part in the Shareholders' General Meeting and the Board Meeting. The Supervisory Committee considered that the Board of the Company strictly performed its duties in the scope of regulations of Articles of Association in accordance with the regulations of laws and rules of the State and Articles of Association of the Company in 2006, and its decision-making procedure was legal; the internal control system of the Company was complete and the operation was normative. The directors and senior executives of the Company had no behaviors of disobeying laws, regulations and Articles of Association of the Company or damaging the interests of the Company when executing their duties in the Company.

(ii) Financial Inspection

The Supervisory Committee of the Company believes that the Auditor's Report issued by PricewaterhouseCoopers Zhongtian Certified Public Accountants Co., Ltd. and PricewaterhouseCoopers Certified Public Accountants is true and reliable, and the financial report and auditor's opinions of the Company truly reflect the financial situation and operative achievements of the Company.

(iii) There was no capital raised in the report period.

(iv) There was no significant purchase and sale of assets in the report period.

(v) The Company's related transactions in the report period were based on the market price, and followed the rules of market transactions. No actions which harmed the interests of listed companies were found.

IX Significant Events

i. In the report period, the Company has not been involved in any significant lawsuits or arbitrations.

ii. In the report period, the Company conducted neither sale and purchase of assets nor consolidation and merge.

iii. The related transaction in the report period.

Unit: RMB'000

Name of the related party	2006	Remarks
Total Logistics (Shenzhen) Co., Ltd.	33,423	This accumulated amount of the related transaction was the full-year freight from the delivery services provided by the related party to some subsidiary companies of the Company. The agreed price was set based on the price from public bidding.

iv. Significant contract and implementation

(i) In the report period, neither has the Company entrusted, contracted or leased other companies' assets, nor have other companies entrusted, contracted or leased the assets of the Company.

(ii) In the report period, the Company has not offered any guarantee to any external parties or individuals other than the Company's own subsidiaries. The guarantees that the Company offered to its shareholding subsidiaries are as follows:

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

(iii) In the report period, the Company did not entrust others to manage cash assets. Also, there was no organization of finance entrustment.

v. Commitment events

Non-tradable shareholders of the Company committed in 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.

vi. Engagement of Certified Public Accountants

In the report period, the Company consecutively engaged Pricewaterhouse Coopers Zhong Tian CPAs Co., Ltd. and Pricewaterhouse Coopers CPAs as the auditing organizations of A share and B share of the Company. Since the year 2002, the above two auditing organizations have provided auditing services for the Company for five continuous years.

In the report period, the expenses that the Company paid to the auditing organization of A share and B share are RMB 1.85 million and RMB 0.75 million respectively. The other expenses, such as evection and living expenses, are conducted by themselves.

vii. Punishment

In the report period, the Company, the Board of Directors and its directors had never been checked and given any administrative punishment or circular notices of criticism by the CSRC nor been condemned publicly by the Stock Exchange.

viii. Other significant events

(i) Shenzhen Yuquan Investment Co., Ltd.

Shenzhen Yuquan Investment Co., Ltd. (It is a company invested and founded by the management team of the Company. See the 2004 Annual Report and 2005 Annual Report for relevant details.) held 13,596,814 shares of total CSG A-shares at the beginning of this report period. Of the total, 5,357,520 A-shares were the legal person's shares, 8,239,294 shares were the tradable A-shares. By the end of the report period, due to the implementation of Share Merger Reform and the continuous purchases of A-shares in the secondary market, this company held 19,635,178 shares of total CSG A-shares. Of the total, 4,604,735 shares were the restricted tradable A-shares, 15,030,443 shares were the unrestricted tradable A-shares.

From January 2007 to February 16, 2007, this company reduced its CSG stock held by selling13,430,443 unrestricted tradable A-shares in the secondary market. Up to February 16, 2007, the Company held 6,204,735 A-shares of CSG in total, 4,604,735 were the restricted tradable A-shares, and 1,600,000 were the unrestricted tradable A-shares. From February 17, 2007 to the date of this report announced, the quantity of this company's shareholding has no change.

This company had given special reports to the relevant supervision departments when it reduced the shares of CSG.

(ii) Short-term Financing Securities

Ratified by the document YF (2006) No.89 of People's Bank of China, the Company issued the first 270-days short-term financing securities of total RMB 800 million in April 2006, which was matured and been paid off on 5 January 2007; the second 360-days short-term financing securities of total RMB 800 million issued successfully on 7 March 2007, valid until 6 March 2008.

(iii) Private Placement of A-share to Specific Investors

The Company plans to issue a maximum of 180 million shares(including 180 million shares) of A-share to no more than ten specific investors, the total fund raised shall not exceed RMB1,380 million in this private placement. This event has been examined and approved by the Company's 1st Extraordinary Shareholders' General Meeting of 2007, and is still waiting for the examination and approval of China Securities Regulatory Commission. Please see the relevant resolutions published on China Securities Journal, Securities Times, Hong Kong Wen Wei Po and Cninfo Website (www.cninfo.com.cn) dated 25 September 2006, 7 February 2007, and 2 March 2007 for detailed information.

(iv) The Receptions Offered by the Company to the Investors in the report period

Time	Place	Method	Object	Contents and materials offered
2007.6.5	Conference Room	Interview	Golden Eagle Fund Management Co., Ltd. China Post & Venture Fund Management Co., Ltd.	Introduction of the Company's main businesses Material offered：the 2005 Annual Report of CSG
2007.7.6	Conference Room	Interview	SAC Capital Management Co., Ltd.	Introduction of the Company's main industries, products, production scale, etc. Material offered：the 2005 Annual Report of CSG
2007.8.3	Conference Room	Interview	Great Wall Securities Co., Ltd.	Introduction of the Company's main industries Material offered：the 2005 Annual Report of CSG
2007.11.3	Conference Room	Interview	Western Securities & Asset Management Department	Introduction of the Company's main industries and the industrial competition Material offered：the 2005 Annual Report of CSG

X Financial Report

Attached hereafter.

XI Documents for Reference

i. Original of Annual Report with the signature of CEO.

ii. Financial statement with the signature and seal of the legal representative, CEO and the chief financing supervisor.

iii. Original of the Auditor's Report with the seal of Pricewaterhouse Coopers Zhong Tian CPAs, and the signature and seal of the certified public accountants.

iv. Original of the Auditor's Report from Pricewaterhouse Coopers CPAs.

v. Original of the documents and public notices disclosed on the newspapers designated by CSRC in the report period.

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CSG HOLDING CO., LTD.
(incorporated as a joint stock limited company in the People's Republic of China)

Report on the financial statements

We have audited the accompanying consolidated financial statements of CSG Holding Co., Ltd. and its subsidiaries (together, the "Group") which comprise the consolidated balance sheet as of 31 December 2006 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management's responsibility for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. This report, including the opinion, has been prepared for and only for you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2006, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Certified Public Accountants
Hong Kong, 16 March 2007

CSG HOLDING CO., LTD.

CONSOLIDATED BALANCE SHEET
AS OF 31 DECEMBER 2006
(All amounts in Renminbi thousands unless otherwise stated)

	Note	As at 31 December 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

The accompanying notes form an integral part of these financial statements.

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

The accompanying notes form an integral part of these financial statements.

CSG HOLDING CO., LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006
(All amounts in Renminbi thousands unless otherwise stated)

		Attributable to equity holders of the Company					
	Note	**Share capital**	**Other reserves**	**Retained earnings**	**Total**	**Minority interest**	**Total equity**
		Note 17	Note 18				
Balance at 1 January 2005		676,975	1,226,857	424,236	2,328,068	128,362	2,456,430
Derecognition of negative goodwill	8	-	-	9,662	9,662	-	9,662
Capital contributed by minority shareholders		-	-	-	-	69,410	69,410
Capitalization of other reserves		338,488	(338,488)	-	-	-	-
Capital exchange reserve recognised		-	(165)	-	(165)	-	(165)
Cash flow hedges		-	470	-	470	157	627
Currency translation differences		-	(360)	-	(360)	-	(360)
Profit for the year		-	-	318,660	318,660	62,276	380,936
Dividend relating to 2004	30	-	-	(169,244)	(169,244)	(20,386)	(189,630)
Appropriation to reserve funds		-	47,555	(47,555)	-	-	-
Balance at 31 December 2005		1,015,463	935,869	535,759	2,487,091	239,819	2,726,910
Balance at 1 January 2006		1,015,463	935,869	535,759	2,487,091	239,819	2,726,910
Capital contributed by minority shareholders		-	-	-	-	40,749	40,749
Cash flow hedges							
- Fair value gains during the year		-	6,890	-	6,890	-	6,890
- Transfer to property, plant and equipment	6	-	(5,375)	-	(5,375)	(157)	(5,532)
Acquisition of minority interest	34	-	-	-	-	(6,250)	(6,250)
Currency translation differences		-	768	-	768	-	768
Profit for the year		-	-	325,920	325,920	81,766	407,686
Dividend relating to 2005	30	-	-	(182,783)	(182,783)	(43,627)	(226,410)
Appropriation to reserve funds		-	37,685	(37,685)	-	-	-
Balance at 31 December 2006		1,015,463	975,837	641,211	2,632,511	312,300	2,944,811

The accompanying notes form an integral part of these financial statements.

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

The accompanying notes form an integral part of these financial statements.

CSG HOLDING CO., LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006
(All amounts in Renminbi thousands unless otherwise stated)

1. General information

CSG Holding Co., Ltd. (the "Company") was incorporated in 1984 in the People's Republic of China (the "PRC") as a joint venture enterprise under the laws of the PRC and was reorganised as a joint stock limited company in 1991.

The Company's domestic shares ("A Shares") and domestically listed foreign shares ("B Shares") have been listed on the Shenzhen Stock Exchange since 1992.

The Company and its subsidiaries (the "Group") are principally engaged in the manufacture and sales of glass and ceramics products and properties. The business activities of its subsidiaries are shown in Note 32.

The registered address of the Company is CSG Building, No. 1 of the 6th Industrial Road, Shekou, Shenzhen, the PRC.

These group consolidated financial statements were authorised for issue by the Board of Directors on 16 March 2007.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A Basis of preparation

The consolidated financial statements of CSG Holding Co., Ltd. have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of forward contract assets and liabilities.

This basis of accounting differs from that used in the statutory accounts of the Company and its principal subsidiaries (the "PRC Accounts") which are prepared in accordance with generally accepted accounting principles and relevant financial regulations applicable to enterprises in the PRC ("PRC GAAP").

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Standards, amendments and interpretations effective in 2006 but not relevant

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant to the Group's operations:

IAS 19 (Amendment), Actuarial gains and losses, group plans and disclosures;
IAS 21 (Amendment), Net Investment in a Foreign Operation;
IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
IAS 39 (Amendment), The Fair Value Option;
IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts;
IFRS 6, Exploration for and Evaluation of Mineral Resources;
IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources;
IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment;
IFRIC 4, Determining whether an Arrangement contains a Lease; and
IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.

Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations have been published but are not effective for 2006 and have not been early adopted:

- IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies (effective from 1 March 2006). IFRIC 7 provides guidance on how to apply requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As none of the group entities have a currency of a hyperinflationary economy as its functional currency, IFRIC 7 is not relevant to the Group's operations;

- IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on or after 1 May 2006). IFRIC 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. The Group will apply IFRIC 8 from 1 January 2007, but it is not expected to have any impact on the Group's accounts;

- IFRIC 9, Reassessment of embedded derivatives (effective for annual periods beginning on or after 1 June 2006). IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. As none of the group entities have changed the terms of their contracts, IFRIC 9 is not relevant to the Group's operations.

- IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006). IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply IFRIC 10 from 1 January 2007, but it is not expected to have any impact on the Group's financial statements.

- IFRS 7, Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2007). IAS 1, Amendments to capital disclosures (effective for annual periods beginning on or after 1 January 2007). The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

B Consolidation

(1) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiary by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(2) Transactions and minority interests

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. For purchases from minority interest, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to minority interests are also recorded in equity. For disposals to minority interest, differences between any proceeds received and the relevant share of minority interests are also recorded in equity.

(3) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movement in reserves is recognised in reserves. The cumulative posit-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

C Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A Geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

D Foreign currency translation

(1) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

(3) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) All resulting exchange differences are recognised as a separate component of equity.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

E Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also includes transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 - 35 years
Machinery and equipment	10 - 20 years
Vehicles and others	5 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(H)).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised within other (losses)/gains – net, in the income statement.

F Land use rights

Land use rights are stated at cost and amortised over the period of lease on a straight-line basis.

G Intangible assets

(1) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (5 to 10 years).

(2) Patents and licenses

Patents and licenses are shown at historical cost and carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of patents and licenses over their expected useful lives of not more than 15 years.

H Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

I Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, hold to maturity, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. The Group has only financial assets classified as loans and receivables and available for sale.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet (Note 2(M)).

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of investments are recognised on the trade-date, which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Changes in fair value of securities classified as available for sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities. Dividends on available-for-sale equity instrument are recognised in the income statement as part of other income when the Group's right to receive payments is established.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the current market rate return for a similar financial assets. Such impairment losses shall not be reversed. Impairment testing of trade and other receivables is described in Note 2(M).

J Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss dependents on the whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either (1) hedges of the fair value of recognised assets or liabilities (fair value hedge); or (2) hedges of a particular risk associated with a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flow of hedged items.

Movements on the hedging reserve in shareholders' equity are shown in Note 18. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturing of the hedged item is more than 12 months and as a current asset or liability if the remaining maturing of the hedged item is less than 12 months.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. However, when the forecasted transaction that is hedged results in the recognition of a non-financial asset (for example, property, plant and equipment) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meet the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

K Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

L Properties held for sale

Properties held for sale are stated at the lower of cost or net realisable value. Cost of properties held for sale comprises development cost attributable to the properties. Net realisable value is determined by reference to the sale proceeds fo properties sold in the ordinary course of business, less applicable variable selling expenses or by management estimates based on prevailing marketing conditions.

M Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

N Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

O Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

P Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Q Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

R Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

S Employee benefits

(1) Pension schemes

The Group participates in defined contribution retirement schemes organised by the respective municipal governments where the Group operates. The Group has no obligation beyond the contributions which are calculated based on certain percentage of basic salary set by the provincial government. The Group’s contributions to the defined contribution retirement schemes are charged to the consolidated income statement when incurred.

(2) Bonus plans

The Group recognises a liability and an expense for bonuses calculated based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

T Provisions

Provisions for warranty, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured a the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

U Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminated sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(b) Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the properties have been delivered to the purchasers and collectibility of related receivables is reasonably assured.

(c) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(d) Interest income

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

V Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

W Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

X Dividend distribution

Dividends distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which they are approved by the Company's shareholders.

Y Comparatives

Where necessary, comparatives have been adjusted to conform to changes in presentation in the current period.

3. Financial risk management

A Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk, liquidity risk and cash flow and fair value interest rate risk.

(a) Market risk

(i) Foreign exchange risk

Sales of the Group are mainly made to customers in the PRC while purchases are mainly from suppliers in the PRC, Japan and Europe. The Group is therefore exposed to foreign exchange risk arising from various currency exposures primarily with respect to United Stated Dollars (“USD”), Japanese Yuan (“JPY”) and EURO. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

The Group hedges the foreign currency exposure of its contract commitments to purchase certain plant and equipment payable in foreign currencies. The forward contracts used in its programme mature in 12 months or less are, consistent with the related purchase commitments.

(ii) Price risk

The Group is exposed to commodity price risk. It has not used any commodity futures to hedge its price risk exposure.

(b) Credit risk

The Group has no significant concentration of credit risk. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history.

(c) Liquidity risk

The Group’s current liabilities exceed its current assets. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by arranging banking facilities and other external financing.

(d) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group’s income and operating cash flow are substantially independent of changes in market interest rates.

The Group’s interest rate risk arises from borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

B Fair value estimation

The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The fair value of quoted investments is based on current bid prices. The fair value of unlisted equity securities are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer.

The nominal values less any estimated impairment provision for financial assets with a maturity of less than one year, if any, are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A Useful lives of property, plant and equipment

The Group's management determined the estimated useful lives and related depreciation charges for its fixed assets. This estimate is based on the historical experience of the actual useful lives of assets of similar nature and functions. It could change significantly as a result of technical innovations and competitors actions in response to serve industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

B Net realisable value of properties held for sale

Net realisable value of properties held for sale is the estimated selling price in the ordinary course of business, less estimated selling expenses. The estimated selling prices are based on that of similar properties with reference to the current market condition. It could change significantly as a result of change in market condition. Management will reassess the estimations at the balance sheet date.

C Fair value estimation

Fair value estimates are made at a specific point in time and are based on relevant market information. These estimates are subjective in nature and involved uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in valuation methods and assumptions could significantly affect the estimates.

5. Segment information

(a) Primary reporting format - business segment

At 31 December 2006, the Group is organised into four main business segments:
1. Manufacture and sale of float glass products;
2. Manufacture and sale of architectural glass products;
3. Manufacture and sale of automotive glass products; and
4. Manufacture and sale of display glass products.

Other group operations mainly comprise the sale of electronic and ceramics products, property and glass installation service. Neither of these constitutes a separately reportable segment.

The segment results are as follows:

	Float glass	Architectural glass	Automotive glass	Display glass	Other	Elimination	Group
Year ended 31 December 2006							
External sales	1,206,016	944,773	207,060	424,929	174,811	-	2,957,589
Inter-segment sales	179,632	14,386	-	-	1,572	(195,590)	-
Total revenue	1,385,648	959,159	207,060	424,929	176,383	(195,590)	2,957,589
Segment result	200,275	188,220	23,601	140,628	17,076	-	569,800
Unallocated corporate expenses							(24,380)
Operating profit							545,420
Finance costs – net							(105,403)
Profit before income tax							440,017
Income tax expense							(32,331)
Profit for the year							407,686
Year ended 31 December 2005							
External sales	822,775	721,935	183,257	395,891	170,122	-	2,293,980
Inter-segment sales	193,959	5,504	-	-	4,175	(203,638)	
Total revenue	1,106,734	727,439	183,257	395,891	174,297	(203,638)	2,293,980
Segment result	202,965	132,476	2,694	140,061	14,403	-	492,599
Unallocated corporate expenses							(17,107)
Operating profit							475,492
Finance costs – net							(69,751)
Profit before income tax							405,741
Income tax expense							(24,805)
Profit for the year							380,936

Other segment items included in the income statement are as follows

	Float glass	Architectural glass	Automotive glass	Display glass	Other	Unallocated	Group
Year ended 31 December 2006							
Depreciation	115,081	36,541	21,203	40,230	23,545	2,258	238,858
Amortisation	4,016	1,106	384	1,107	151	-	6,764
Restructuring costs	-	13,715	-	-	-	-	13,715
Warranty provision	1,976	6,908-	-	-	-	-	8,884
Year ended 31 December 2005							
Depreciation	106,785	47,205	20,685	37,809	11,223	2,270	225,977
Amortisation	2,600	1,146	567	1,107	839		6,259

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Segment assets consist primarily of property, plant and equipment, intangible assets, land use rights, inventories, trade and other receivables and cash and cash equivalents. Unallocated assets mainly comprise deferred taxation, available-for-sale financial assets, and treasury function and other assets held of the parent company, which are not directly attributable to the segments.

Segment liabilities comprise operating liabilities. Unallocated liabilities comprise borrowings and other liabilities which are not directly attributable to the segments.

Capital expenditure comprises additions to property, plant and equipment (Note 6), land use rights (Note 7) and intangible assets (Note 8).

The segment assets and liabilities and capital expenditure are as follows:

	Float glass	Architectural glass	Automotive glass	Display glass	Other	Unallocated	Group
Year ended 31 December 2006							
Assets	3,499,172	1,351,580	399,419	837,402	460,608	228,142	6,776,323
Liabilities	491,490	301,128	55,323	75,505	99,199	2,808,867	3,831,512
Capital expenditure	594,810	305,592	11,397	161,215	91,586	296	1,164,896
Year ended 31 December 2005							
Assets	3,066,644	1,014,217	415,317	656,219	325,120	46,747	5,524,264
Liabilities	413,048	200,913	92,797	67,894	40,920	1,981,782	2,797,354
Capital expenditure	860,044	99,330	13,829	56,303	6,490	594	1,036,590

(b) Secondary reporting format - geographical segment

The Group's revenue is mainly in Hong Kong and mainland, the PRC.

	2006	**2005**
The Mainland, PRC	2,057,253	1,610,908
Hong Kong	502,939	357,457
Others	397,397	325,615
	2,957,589	2,293,980

Revenue is allocated based on the country/area in which the customer is located.

The Group's assets are located predominantly in the mainland, PRC.

6. Property, plant and equipment

	Buildings	Machinery and equipment	Vehicles and others	Construction-in-progress	Total
At 1 January 2005					
Cost	716,847	2,803,869	162,626	754,058	4,437,400
Accumulated depreciation	(103,521)	(630,490)	(81,905)	-	(815,916)
Provision for impairment	(5,634)	(2,262)	(73)	(5,244)	(13,213)
Net book amount	607,692	2,171,117	80,648	748,814	3,608,271
Year ended 31 December 2005					
Opening net book amount	607,692	2,171,117	80,648	748,814	3,608,271
Reclassification	216,371	830,119	2,850	(1,049,340)	-
Additions	10,237	26,023	13,965	953,714	1,003,939
Capitalised borrowing costs (Note 27)	-	-	-	15,121	15,121
Capitalised exchange differences	-	-	-	5,538	5,538
Disposals (Note 31)	(789)	(4,168)	(1,266)	-	(6,223)
Depreciation charge (Note 25)	(23,586)	(186,717)	(15,674)	-	(225,977)
Impairment charge (Note 25)	-	(7,610)	(100)	(149)	(7,859)
Closing net book amount	809,925	2,828,764	80,423	673,698	4,392,810
At 31 December 2005					
Cost	942,526	3,654,213	171,466	679,091	5,447,296
Accumulated depreciation	(126,967)	(815,576)	(90,870)	-	(1,033,413)
Provision for impairment	(5,634)	(9,873)	(173)	(5,393)	(21,073)
Net book amount	809,925	2,828,764	80,423	673,698	4,392,810

	Buildings	Machinery and equipment	Vehicles and others	Construction-in-progress	Total
Year ended 31 December 2006					
Opening net book amount	809,925	2,828,764	80,423	673,698	4,392,810
Reclassification	160,329	878,062	8,967	(1,047,358)	-
Additions	39,070	60,941	22,592	974,093	1,096,696
Capitalised borrowing costs (Note 27)	-	-	-	13,022	13,022
Capitalised exchange differences	-	-	-	1,396	1,396
Capitalised hedging reserve (Note 18)	-	(5,375)	-	-	(5,375)
Impairment charges (Note 25)	-	(452)	(332)	-	(784)
Disposals (Note 31)	(30,136)	(5,069)	(658)	-	(35,863)
Depreciation charge (Note 25)	(25,572)	(198,029)	(15,257)	-	(238,858)
Closing net book amount	953,616	3,558,842	95,735	614,851	5,223,044
At 31 December 2006					
Cost	1,075,760	4,270,719	191,280	614,851	6,152,610
Accumulated depreciation	(117,853)	(710,229)	(95,162)	-	(923,244)
Provision for impairment	(4,291)	(1,648)	(383)	-	(6,322)
Net book amount	953,616	3,558,842	95,735	614,851	5,223,044

The borrowing costs are calculated at 5.61% (2005: 4.91%) per annum which represented the weighted average interest rate on the loans used to finance the projects.

At 31 December 2006, property, plant and equipment with net book amount of RMB10,300,000 pledged as security for the Group’s bank borrowings (Note 22) amounted to RMB19,993,000 (2005: Nil).

7. Land use rights

	2006	2005
Opening net book amount	158,954	130,846
Additions	62,012	32,588
Amortisation charge (Note 25)	(5,021)	(4,480)
Closing net book amount	215,945	158,954
Represented by:		
Cost	258,838	196,826
Accumulated amortisation	(42,893)	(37,872)
Net book amount	215,945	158,954

Land use rights comprise fees paid for acquiring the rights to use the land where the Group's buildings are located.

Payments for land use rights represent prepaid lease payments for the land and are recognised as an expense on a straight-line basis over the period of use of the rights ranging from 30 to 50 years. The period of use is the land use period granted according to the land use right certificate.

8. Intangible assets

	Computer software	Patents and licenses	Negative goodwill	Total
At 1 January 2005				
Cost	3,929	15,399	(17,075)	2,253
Accumulated amortisation	(2,722)	(1,439)	7,413	3,252
Net book amount	1,207	13,960	(9,662)	5,505
Year ended 31 December 2005				
Opening net book amount	1,207	13,960	(9,662)	5,505
Transfer to retained earnings	-	-	9,662	9,662
Additions	63	-	-	63
Amortisation charge (Note 25)	(55)	(1,724)	-	(1,779)
Closing net book amount	1,215	12,236	-	13,451
At 31 December 2005				
Cost	3,992	15,399	-	19,391
Accumulated amortisation	(2,777)	(3,163)	-	(5,940)
Net book amount	1,215	12,236	-	13,451
Year ended 31 December 2006				
Opening net book amount	1,215	12,236	-	13,451
Additions	182	6,006	-	6,188
Amortisation charge (Note 25)	(75)	(1,668)	-	(1,743)
Closing net book amount	1,322	16,574	-	17,896
At 31 December 2006				
Cost	4,174	21,405	-	25,579
Accumulated amortisation	(2,852)	(4,831)	-	(7,683)
Net book amount	1,322	16,574	-	17,896

9. Investment in an associate

	2006	2005
Beginning of year	-	-
Additions	6,765	-
End of year	6,765	-

The Group holds 35% interest in Wise Channel Limited, which is a private company incorporated in Hong Kong. Wise Channel Limited holds 25% interest in Yichang CSG Silicon Co., Ltd., which has not commenced operation as at 31 December 2006.

10. Deferred income tax assets

	2006	2005
Deferred income tax assets:		
- to be recovered after more than 12 months	808	2,545
- to be recovered within 12 months	674	682
	1,482	3,227

Movements of deferred tax assets are as follows:

	Impairment losses	Pre-operating expenses	Tax losses	Total
At 1 January 2005	869	-	166	1,035
Credited to the income statement	1,676	-	516	2,192
At 31 December 2005	2,545	-	682	3,227
Credited/(Charged) to the income statement (Note 28)	(2,220)	1,020	(545)	(1,745)
At 31 December 2006	325	1,020	137	1,482

Certain companies of the Group had unused tax losses totalling RMB50,453,000 (2005: RMB32,368,000) for which no deferred tax asset was recognised in the consolidated balance sheet due to the uncertainty of its recoverability. Apart from this, there were no material unprovided deferred tax assets and liabilities at the balance sheet dates.

11. Available-for-sale financial assets

	2006	2005
Unlisted equity securities, in the PRC:		
Cost	25,499	25,499
Provision for impairment in value	(16,421)	(16,421)
Net book amount	9,078	9,078

No quoted market prices are available for the above unlisted equity securities. The directors of the Company are of the opinion that the carrying value approximated their recoverable amount as of year end.

12. Inventories

	2006	2005
Raw materials	136,950	111,044
Work-in-progress	12,667	14,153
Finished goods	99,800	92,215
	249,417	217,412

The carrying amount of inventories carried at fair value less costs to sell is as follows:

	2006	2005
Raw materials	427	2,736
Finished goods	2,069	3,759
	2,496	6,495

The cost of inventories recognised as expense and included in cost of sales amounted to RMB1,405,236,000 (2005: RMB1,037,008,000) (Note 25).

13. Properties held for sale

All properties held for sale are stated at net realisable value. The provision for net realisable value of properties held for sale was determined by the directors based on the net selling price of similar properties with reference to the property market.

The cost of properties held for sale recognised as expenses and included in cost of sales amounted to RMB27,819,000 (2005: RMB113,051,000) (Note 25).

The Group has recognised a provision of RMB1,100,000 for the impairment of its properties held for sale during the year (2005: write back of provision of RMB55,676,000) (Note 25). The amount has been included in administrative expenses in the income statement.

14. Trade and other receivables

	2006	2005
Trade receivables	304,202	293,306
Notes receivable	89,232	31,708
	393,434	325,014
Less: Provision for impairment of receivables	(6,691)	(6,456)
	386,743	318,558
Prepayments	12,319	6,125
Other receivables	25,800	25,505
	424,862	350,188

The Group has written off provision of RMB1,230,000 and recognised a provision of RMB1,465,000 (2005: RMB616,000) for the impairment of its trade receivables during the year (Note 25). The loss has been included in administrative expenses in the income statement.

15. Derivative financial instruments

	2006		2005	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts				
- cash flow hedges	1,985	-	2,869	2,242
- fair value hedges	-	1,013	547	-
	1,985	1,013	3,416	2,242

Gain and losses recognised in the hedging reserve in equity (Note 18) on forward foreign exchange contracts as of 31 December 2006 will be transferred to the cost of property, plant and equipment at various dates within twelve months from the balance sheet date.

16. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	2006	2005
Cash at banks and in hand	538,771	282,221
Less: pledged bank deposits (Note (a))	(58,304)	(54,458)
Cash and cash equivalents	480,467	227,763

(a) At 31 December 2006, bank deposits of RMB58,304,000 (2005: RMB54,458,000) were pledged to banks as security deposits for property mortgage loans granted by the banks to customers of the Group and banking facilities granted to the Group.

17. Share capital

Registered, issued and fully paid ordinary shares of RMB1 each:

	Unlisted A shares	Listed A shares subject to: Restrictions on disposal	Listed A shares subject to: No restrictions on disposal	Listed B shares	Total
	Number'000	Number'000	Number'000	Number'000	
At 1 January 2005	270,757	-	107,166	299,052	676,975
Addition by means of capitalisation of other reserve	135,378	-	53,583	149,527	338,488
At 31 December 2005	406,135	-	160,749	448,579	1,015,463
Reclassification due to share segregation reform (Note (a))	(406,135)	349,209	56,926	-	-
At 31 December 2006	-	349,209	217,675	448,579	1,015,463

(a) Pursuant to the share segregation reform scheme approved by relevant government authorities and relevant shareholders meeting of the listed A share shareholders, the unlisted A shares shareholders offered 3.55 shares for every 10 shares held by listed A shares shareholders in exchange for listed A shares shareholders to agree that all the unlisted A shares be converted into listed A shares. The total number of shares of the Company remained unchanged and the unlisted shares became listed A shares, which were subject to certain restrictions on disposal.

All shares carry equal rights with respect to the distribution of the Company's assets and profits and rank pari passu in all other respects except for the currency in which dividend is payable.

18. Other reserves

	Capital reserve	Statutory common reserve fund Note (a)	Statutory public welfare fund Note (b)	Discretionary common reserve fund Note (c)	Hedging reserve	Exchange reserve	Total
Balance at 1 January 2005	927,929	186,427	112,001	-	-	500	1,226,857
Capitalisation of other reserves	(338,488)	-	-	-	-	-	(338,488)
Capital exchange reserve recognised	(165)	-	-	-	-	-	(165)
Cash flow hedges:							
- Fair value gains during the year	-	-	-	-	470	-	470
Currency translation differences	-	-	-	-	-	(360)	(360)
Appropriation to reserve funds	-	31,703	15,852	-	-	-	47,555
Balance at 31 December 2005	589,276	218,130	127,853	-	470	140	935,869
Balance at 1 January 2006	589,276	218,130	127,853	-	470	140	935,869
Reclassification	-	-	(127,853)	127,853	-	-	-
Cash flow hedges							
- Fair value gains during the year	-	-	-	-	6,890	-	6,890
- Transfer to property, plant and equipment	-	-	-	-	(5,375)	-	(5,375)
Currency translation differences	-	-	-	-	-	768	768
Appropriation to reserve funds	-	37,685	-	-	-	-	37,685
Balance at 31 December 2006	589,276	255,815	-	127,853	1,985	908	975,837

In accordance with relevant PRC regulations applicable to joint stock limited companies by shares and the Articles of Association of the companies within the Group, the Group is required to allocate its profit after tax to the following reserves:

(a) Statutory common reserve fund

Each year to transfer 10% of the profit after tax as reported under the PRC Accounts to the statutory common reserve fund until the balance reaches 50% of the paid-up share capital. This reserve can be used to make up prior years' losses or to increase share capital. Except for the reduction of losses incurred, any other usage should not result in this reserve balance falling below 25% of the registered capital.

(b) Statutory public welfare fund

Pursuant to relevant PRC regulations, the Company ceased to transfer any percentage of the profit after tax to statutory public welfare fund from the financial year beginning on 1 January 2006.

The balance of statutory public welfare fund as at 31 December 2005 was reclassified to the discretionary common reserve fund.

(c) Discretionary common reserve fund

The discretionary common reserve fund can be set up by means of appropriation from the retained profits or transfer from the statutory public welfare fund. Subject to the approval of shareholders in general meeting, the reserve can be used to make up any losses, to increase share capital or to pay dividends.

19. Other payable

Other payable represented amount received from Yichang Dongshan Construction Development Holding Company for the construction of utility facilities including transformer sub-station and steam and gas pipelines. The related construction work is not yet completed.

20. Trade and other payables

	2006	**2005**
Trade payables	236,402	212,739
Notes payable	319,482	316,770
Payable for construction work and purchase of equipment	221,292	165,892
Advance from customers	60,172	26,010
Salary payable and welfare payable	31,422	30,106
Accruals	37,648	25,819
Dividend payable	3,709	3,717
Others	50,103	26,652
	960,230	807,705

21. Current tax liabilities

	2006	**2005**
Provision for income tax	11,204	11,216
Value-added tax payable	14,200	10,740
Business tax payable	2,922	1,394
Others	2,940	867
	31,266	24,217

22. Borrowings

	2006	**2005**
Non-current		
Unsecured bank borrowings	698,355	913,987
Secured bank borrowings	18,687	-
	717,042	913,987
Current		
Unsecured bank borrowings	1,255,582	1,049,203
Debentures	800,000	-
	2,056,888	1,049,203
	2,773,930	1,963,190

	2006	2005
Interests on bank borrowings are:		
- At fixed rates	1,582,538	846,915
- At floating rates	1,191,392	1,116,275
	2,773,930	1,963,190

The effective interest rates of bank borrowings at the balance sheet date was 5.47% (2005: 4.37%) per annum.

On 10 April 2006, the Company issued short-term finance bonds totalling RMB800,000,000 to finance the business operation of the Group, which has been repaid on 5 January 2007.

The carrying amounts of borrowings approximate their fair value. The fair values are based on discounted cash flows using a discount rate based upon the borrowing rates which the directors expect would be available to the Group at the balance sheet date.

The maturity of non-current bank borrowings is as follows:

	2006	2005
Between 1 and 2 years	311,135	192,527
Between 2 and 3 years	22,957	455,540
Between 3 and 4 years	27,404	137,920
Between 4 and 5 years	355,546	128,000
	717,042	913,987

As at 31 December 2006, the Group has undrawn borrowing facilities totalling RMB4,235,343,000 (2005: RMB3,119,843,000).

23. Provisions for other liabilities and charges

	Warranty	Restructuring	Total
At 1 January 2005	-	-	-
Charged to the income statement			
- Additional provisions	8,884	14,023	22,907
Used during year	-	(2,834)	(2,834)
At 31 December 2006	8,884	11,189	20,073

(a) Warranty

The amounts represent a provision for certain claims against the Group by customers due to quality issues. The Group was still negotiating with these customers on compensation amounts. As at 31 December 2006, the provision was recognised within administrative expenses in the income statement. The ending balance is expected to be utilised during 2007.

(b) Restructuring

In 2006, the Group scheduled to move its architectural glass processing plant in Shenzhen to Dongguan in 2007. A compensation plan has been defined and announced to the employees, according to which, if the employees refuse to accept the proposed relocation arrangement, the Group will cease the employment relationship and give them a payment as compensation.

As at 31 December 2006, there had been 96 employees leaving the Group and the Group had paid compensation amounting to RMB2,526,000. Management estimated that there will be further approximately 130 employees who will leave the Group and made a compensation provision amounting to RMB5,388,500 accordingly. In addition, a provision of RMB5,800,000 was also made for disassembly cost and other direct costs attributable to the transplant based on the management's estimation. The provision was included within administrative expenses in the income statement. The ending balance is expected to be utilised during 2007.

24. Other gains, net

	2006	**2005**
Losses on disposal of property, plant and equipment (Note 31)	(2,890)	(291)
Net foreign exchange transaction gains	23,120	26,711
Fair value gains on fair value hedge	(1,013)	547
Subsidy income	6,489	2,526
Waiver of payment by debtors	620	-
	26,326	29,493

25. Expenses by nature

	2006	**2005**
Employee benefit expense (Note 26)	303,586	213,904
Less: amount capitalised in property, plant and equipment	(29,057)	-
	274,529	213,904
Changes in inventories of finished goods and work in progress	(6,099)	(46,746)
Raw materials and consumable used	1,405,236	1,037,008
Utility cost	197,965	161,456
Properties held for sale transferred to cost of sales	27,819	113,051
Depreciation, amortisation and impairment charges	248,971	187,060
Transportation expenses	120,256	92,715
Other expenses	169,818	89,533
Total cost of sales, distribution costs and administrative expenses	2,438,495	1,847,981

26. Employee benefit expense

	2006	2005
Wages and salaries	220,792	155,055
Staff and workers' welfare	32,490	23,601
Retirement scheme contributions (Note (a))	27,044	13,718
Management bonus (Note (b))	23,260	21,530
	303,586	213,904

(a) The Company and its domestic subsidiaries participate in certain defined contribution retirement schemes managed by governmental organisation. According to the relevant provisions, these companies and their employees are required to make contributions to local governmental organisation at specified rates, depending on the respective place of incorporation, based on the basic salaries of the employees. The portion of expenses contributed by the Group is charged to the consolidated income statement.

(b) Pursuant to the bonus scheme approved by the Board of Directors in 2004, the Company accrued a bonus amounted to RMB23,260,000 during the year (2005: RMB21,530,000) on the basis of return on net assets of the Company. The bonus has been included in administrative expenses.

27. Finance costs, net

	2006	2005
Interest expenses on bank borrowings	121,489	86,413
Less: interest capitalised in property, plant and equipment (Note 6)	(13,022)	(15,121)
	108,467	71,292
Interest income	(3,064)	(1,541)
	105,403	69,751

28. Income tax expense

	2006	2005
Current tax	30,586	26,997
Deferred tax (Note 10)	1,745	(2,192)
	32,331	24,805

In accordance with the prevailing Enterprise Income Tax ("EIT") regulations, the Company and its subsidiaries in the PRC are subject to income tax at rates of 15% to 33%, depending on their respective place of incorporation. Subsidiaries located abroad are subject to tax rates of their place of incorporation.

Those subsidiaries that are enterprises with foreign investment in the PRC and meet certain criteria are entitled to full exemption from EIT for the first two years and a 50% reduction in EIT for the following three years, commencing from the first profitable year after offsetting all tax losses carried forward from the previous years.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weight average tax rate applicable to profit of the consolidated entities as follows:

	2006	**2005**
Profit before income tax	440,017	405,741
Tax calculated at applicable tax rates of 15% to 33% (2005: 15% to 33%)	81,607	70,947
Tax benefits arising from preferential policies	(56,470)	(48,745)
Expenses not deductible for tax purposes	1,276	938
Tax losses on certain subsidiaries not recognised as deferred tax assets	5,918	4,907
Utilisation of unrecognised tax losses	-	(3,242)
Tax charge	32,331	24,805

29. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by number of ordinary shares in issue during the year.

	2006	**2005**
Profit attributable to equity holders of the Company	325,920,000	318,660,000
Number of ordinary shares in issue (Number)	1,015,463,000	1,015,463,000
Basic earnings per share (RMB cents per share)	32.10	31.38

The Company has no dilutive potential shares.

30. Dividend per share

The dividends paid in 2006 and 2005 were RMB182,783,000 (RMB0.18 per share) and RMB169,244,000 (RMB0.17 per share) respectively. A dividend in respect of the year ended 31 December 2006 of RMB0.20 per share, amounting to a total dividend of RMB203,093,000, is to be proposed at the Annual General Meeting on 20 April 2007. These financial statements do not reflect this dividend payable.

31. Cash generated from operations

	2006	2005
Profit before income tax	440,017	405,741
Adjustments for:		
- Depreciation (Note 6)	238,858	225,977
- Amortisation (Note 7 and 8)	6,764	6,259
- Loss on disposals of property, plant and equipment (Note 24)	2,890	291
-Provision of impairment charge for property, plant and equipment (Note 6)	784	7,859
-Provision for obsolescence of inventories	-	2,025
-Provision/(Write back) of impairment for properties held for sale (Note 13)	1,100	(55,676)
-Provision for doubtful receivables (Note 14)	1,465	616
- Interest expense (Note 27)	108,467	71,292
- Interest income (Note 27)	(3,064)	(1,541)
- Fair value gains on fair value hedges (Note 24)	1,013	-
-Exchange gain on borrowings	(33,446)	-
	764,848	662,843
Changes in working capital:		
- Inventories	(32,005)	(68,920)
- Properties held for sale	20,330	112,701
- Trade and other receivables	(58,539)	(67,536)
- Trade and other payables	123,792	372,226
Cash generated from operations	818,426	1,011,314

In the cash flow statements, proceeds from sale of property, plant and equipment comprise:

	2006	2005
Net book amount (Note 6)	35,863	6,223
Loss on disposal of property, plant and equipment (Note 24)	(2,890)	(291)
Receivables	(973)	(125)
Proceeds from disposal of property, plant and equipment	32,000	5,807

32. Principal subsidiaries

As of 31 December 2006, the Company has direct/indirect interest in the following principal subsidiaries:

Name	Place of incorporation	Principal activities	Percentage of equity interest held	
			2006	2005
Shenzhen CSG Southern Star Glass Processing Co., Ltd.	PRC	Glass processing	100%	100%
Shenzhen CSG Architectural Glass Co., Ltd.	PRC	Production of architectural glass	100%	100%
Hainan CSG Industrial Development Co., Ltd.	PRC	Property development	100%	100%
CSG (Australia) Pty. Limited	Australia	Glass trading	100%	100%
Shenzhen CSG Structure Ceramics Co., Ltd.	PRC	Production of structural ceramic products	100%	100%
Shenzhen CSG Curtain Wall Engineering Co., Ltd.	PRC	Glass curtain wall installation	100%	100%
Shenzhen CSG Electronic Co., Ltd.	PRC	Production of electronic ceramic products	100%	100%
Shenzhen CSG Float Glass Co., Ltd.	PRC	Production of float glass	100%	100%
Shenzhen CSG Automotive Glass Co., Ltd.	PRC	Production of automotive glass	100%	100%
Sichuan CSG Industrial Development Co., Ltd.	PRC	Property development	100%	100%
Hainan Wen Chang CSG Silica Sand Mine Co., Ltd.	PRC	Mining of silica sand	100%	100%
Shenzhen CSG Wellight Coating Glass Co., Ltd.	PRC	Production of coated glass and mirrors	100%	100%
Shenzhen CSG Display Technology Co., Ltd.	PRC	Production of monitor display glass	75%	75%
Shenzhen CSG Wellight Conductive Coating Co., Ltd.	PRC	Production of colourful filter glass	70%	70%
Tianjin CSG Architectural Glass Co., Ltd.	PRC	Production of specially processed glass	75%	75%
Guangzhou CSG Glass Co., Ltd.	PRC	Production of float glass	75%	75%
CSG (HK) Limited	Hong Kong	Glass trading	100%	100%
Dongguan CSG Architectural Glass Co., Ltd.	PRC	Production of specidly	100%	75%
Dongguan CSG Solar Glass Co., Ltd.	PRC	Production of solar glass	75%	75%
Yichang CSG Silicon Co., Ltd.	PRC	Production of silicon related materials	67%	-
Wujiang CSG North-east Architectural Glass Co., Ltd.	PRC	Production of specially processed glass	100%	-
Tianjin Energy Conservation Glass Co., Ltd.	PRC	Production of energy conservation glass	100%	-
Shenzhen CSG PV-tech Co., Ltd.	PRC	Production of solar battery	100%	-

(Names of those subsidiaries incorporated in the PRC are direct translation of their Chinese names.)

33. Commitments

As at 31 December 2006, capital expenditure contracted for but not recognised in the consolidated financial statements is as follows:

	2006	2005
Purchase of property, plant and equipment	1,010,220	660,122

34. Significant related party transactions

i) Significant related party transactions and balances with Total Logistics (Shenzhen) Co., Ltd., a company controlled by a major shareholder, , Shenzhen International Holdings Limited ("Shenzhen International"), who has influence over the Group, are as follows:

	2006	2005
Transportation fee for the year	33,423	26,487

	2006	2005
Balance included in accounts payables at year end	8,901	6,063

These transactions were carried out in ordinary course of business and at market prices. The amount due is payable in accordance with the terms of the contracts.

ii) On 12 April 2006, CSG (HK) Limited entered into an agreement with Honest United Development Limited ("Honest Limited"), a company controlled by Shenzhen International, for the transfer of 100% interest in Pinestep Investments Limited ("Pinestep Limited") to CSG (HK) Limited at a consideration of HKD6,200,000. Pinestep Limited holds 25% interest in Dongguan CSG Architectural Glass Co., Ltd. ("Dongguan Architectural"). After the acquisition, the Company held 100% interest in Dongguan Architectural directly and indirectly. As at 31 December 2006, Dongguan Architectural has not commenced operation.

iii) Key management compensation

	2006	2005
Wages and salaries	2,215	1,937
Welfare	230	242
Retirement scheme contributions	45	42
Management bonus	1,840	1,139
	4,330	3,360

35. Post balance sheet events

i) On 7 March 2007, the Company issued short-term finance bonds totalling RMB800,000,000, which are due on 6 March 2008. The effective interest rate of the short-term finance bonds is 3.78% per annum.

ii) According to the resolution of the shareholders' meeting held on 1 March 2007, subject to approval of China Securities Regulatory Commission, the Company intended to issue A shares of not exceeding 180,000,000 shares by way of placement to not more than 10 investors.

SUPPLEMENTARY INFORMATION FOR YEAR ENDED 31 DECEMBER 2006

The impact of IFRS adjustments on PRC Accounts are as follows:

	Net consolidated profit for year ended 31 December 2006	Net consolidated assets as at 31 December 2006
As per the PRC Accounts	332,112	2,628,345
Impact of IFRS adjustments:		
Recognition of deferred income tax	(1,746)	1,482
Derecognition of deferred pre-operating expenses and other assets	4,056	(2,883)
Reversal of amortisation of goodwill and derecognition of negative goodwill	(9,390)	5,486
Recognition of subsidy income	250	-
Recognition of waiver of payment by debtors as other gains	620	-
Minority interest	81,784	312,381
After IFRS adjustments	407,686	2,944,811