

# **Report of the PRC Auditors**

## **To the Shareholders of Luoyang Glass Company Limited**

We have accepted the appointment and have audited Luoyang Glass Company Limited's ("the Company") balance sheet and consolidated balance sheet as of 31 December 2000, profit and loss account, consolidated profit and loss account, cash flow statement and consolidated cash flow statement for the year then ended. These accounts are the responsibility of the Company. Our responsibility is to express an audit opinion on these accounts based on our audit. We conducted our audit in accordance with "Independent Auditing Standards for Chinese Certified Public Accountants". In the course of our audit, we considered the circumstances of the Company and its subsidiaries, and carried out such audit procedures, including an examination of the accounting record on a test basis, as we deemed necessary.

In our opinion, the above-mentioned accounts comply with the requirements of "Accounting Standards for Business Enterprises" and "Accounting System for Companies Limited by Shares" and present fairly, in all material respects, the financial position and consolidated financial position of the Company as of 31 December 2000, and the results of operations, the consolidated results of operations, changes in cash flows of the Company and changes in consolidated cash flows for the year then ended, and the accounting policies have been consistently applied.

KPMG Peat Marwick Huazhen

Certified Public Accountants  
Registered in the PRC  
**Xie Rong**  
**Hu Qiong**  
17 April 2001