

VI. FINANCIAL REPORTS

(1) FINANCIAL SUMMARY

1. Consolidated balance sheet as at 30 June 2001 (prepared in accordance with the PRC Accounting Regulations)
(Expressed in Reminbi Yuan)

		As at 30 June 2001 (Unaudited) Rmb'000	As at 31 December 2000 (Audited) Rmb'000
	Note		
Assets			
Current assets			
Cash		360,089	308,777
Interest receivable	9	5,512	3,698
Trade debtors	7, 9	201,480	189,274
Other debtors	6, 8 & 9	466,825	455,389
Advance payments	9	56,695	44,079
Prepayment and deferred expenses	10	133,742	119,643
Inventories	11	209,495	198,197
Total current assets		1,433,838	1,319,057
Non-current assets			
Other debtors	6, 8	312,732	311,982
Interest receivables		30,193	21,249
Total non-current assets		342,925	333,231
Long-term investments			
Long-term equity investments	12	194,707	172,116
Total long-term investments		194,707	172,116
Fixed assets			
Fixed assets, at cost	16	1,423,506	1,330,373
Less: Accumulated depreciation	16	(452,527)	(411,973)
Net book value of fixed assets		970,979	918,400
Construction materials		9,188	10,463
Construction in progress	17	27,576	2,797
Total fixed assets		1,007,743	931,660

The notes on pages 36 to 56 form part of this interim financial report.

	As at 30 June 2001 (Unaudited) Rmb'000	As at 31 December 2000 (Audited) Rmb'000
Note		
Assets (continued)		
Intangible assets and other assets		
Intangible assets	131,500	132,981
Total intangible assets and other assets	131,500	132,981
Total assets	3,110,713	2,889,045
Liabilities and shareholders' funds		
Current liabilities		
Short-term loans	849,500	888,537
Trade creditors	185,759	127,938
Receipt in advance	56,650	65,469
Salary payable	3,811	3,827
Staff welfare payable	2,377	2,411
Taxes payable	25,663	25,046
Other payables	177	138
Other creditors	155,416	132,852
Accrued expenses	33,902	19,615
Long-term loans repayable within one year	44,480	8,469
Total current liabilities	1,357,735	1,274,302
Long-term liabilities		
Long-term loans	109,308	12,193
Long-term payables	5,741	5,329
Total long-term liabilities	115,049	17,522
Total liabilities	1,472,784	1,291,824

The notes on pages 36 to 56 form part of this interim financial report.

As at 30 June 2001	As at 31 December 2000
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	Note	(Unaudited) Rmb'000	(Audited) Rmb'000
Liabilities and shareholders' funds (continued)			
Minority interests		77,247	44,505
Shareholders' funds			
Share capital		700,000	700,000
Share premium		969,988	969,988
Surplus reserves		223,806	223,806
Accumulated deficit		(333,112)	(341,078)
Total shareholders' funds		1,560,682	1,552,716
Total liabilities and shareholders' funds		3,110,713	2,889,045

The notes on pages 36 to 56 form part of this interim financial report.

2. Balance sheet as at 30 June 2001(prepared in accordance with the PRC Accounting Regulations)

(Expressed in Reminbi Yuan)

	Note	As at 30 June 2001 (Unaudited) Rmb'000	As at 31 December 2000 (Audited) Rmb'000
Assets			
Current assets			
Cash		334,755	304,302
Dividend receivable		5,083	6,970
Interest receivable	9	12,227	9,336
Trade debtors	7, 9	174,513	163,038
Other debtors	6, 8 & 9	464,417	469,555
Advance payments	9	60,897	37,366
Prepayment and deferred expenses	10	125,459	112,700
Inventories	11	140,066	139,645
Total current assets		1,317,417	1,242,912
Non-current assets			
Other debtors	6, 8	312,732	311,982
Interest receivables		30,193	21,249

Total non-current assets		342,925	333,231
Long-term investments			
Long-term equity investments	12	321,279	262,224
Total long-term investments		321,279	262,224
Fixed assets			
Fixed assets, at cost	16	957,379	957,332
Less: Accumulated depreciation	16	(331,648)	(301,063)
Net book value of fixed assets		625,731	656,269
Construction materials		8,494	9,747
Construction in progress	17	4,724	2,538
Total fixed assets		638,949	668,554

The notes on pages 36 to 56 form part of this interim financial report.

		As at 30 June 2001 (Unaudited) Rmb'000	As at 31 December 2000 (Audited) Rmb'000
	Note		
Assets (continued)			
Intangible and other assets			
Intangible assets		91,732	92,824
Total intangible and other assets		91,732	92,824
Total assets		2,712,302	2,599,745
Liabilities and shareholders' funds			
Current liabilities			
Short-term loans		796,900	784,737
Trade creditors		127,420	89,053
Receipt in advance		35,414	43,742
Staff welfare payable		260	398
Taxes payable		5,825	3,602
Other creditors		109,499	109,790
Accrued expenses		15,552	1,696
Long-term loans repayable within one year		-	469

Total current liabilities	1,090,870	1,033,487
Long-term liabilities		
Long-term loans	54,988	8,193
Long-term payables	5,762	5,349
Total long-term liabilities	60,750	13,542
Total liabilities	1,151,620	1,047,029

The notes on pages 36 to 56 form part of this interim financial report.

	As at 30 June 2001 (Unaudited) Rmb'000	As at 31 December 2000 (Audited) Rmb'000
	Note	
Liabilities and shareholders' funds (continued)		
Shareholders' funds		
Share capital	700,000	700,000
Share premium	969,988	969,988
Surplus reserves	213,496	213,496
Accumulated deficit	(322,802)	(330,768)
Total shareholders' funds	1,560,682	1,552,716
Total liabilities and shareholders' funds	2,712,302	2,599,745

The notes on pages 36 to 56 form part of this interim financial report.

3. Consolidated profit and loss account (prepared in accordance with the PRC Accounting Regulations)
For the six months ended 30 June 2001
(Expressed in Reminbi Yuan)

		Six months ended 30 June 2001 (Unaudited) Rmb'000	Six months ended 30 June 2000 (Unaudited) Rmb'000
	Note		
Income from principal operations	2	389,279	425,358
Less: Cost of sales		(324,985)	(296,859)
Business taxes and surcharges		(2,147)	(2,653)

Principal operating profit		62,147	125,846
Less: Selling expenses		(13,769)	(15,351)
Administrative expenses		(31,773)	(47,432)
Net financial expenses	3	(10,455)	(14,168)
Operating profit		6,150	48,895
Less: Investment income/(loss)	4	1,734	(3,325)
Add: Non-operating income		1,659	2,421
Less: Non-operating expenses	5	(2,915)	(9,320)
Profit before minority interests		6,628	38,671
Minority interests		1,338	(6,467)
Net profit for the period		7,966	32,204
Add: Accumulated deficit at the beginning of the period		(341,078)	(407,069)
Accumulated deficit		(333,112)	(374,865)

The notes on pages 36 to 56 form part of this interim financial report.

4. Profit and loss account (prepared in accordance with the PRC Accounting Regulations)
For the six months ended 30 June 2001
(Expressed in Reminbi Yuan)

	Note	Six months ended 30 June 2001 (Unaudited) Rmb'000	Six months ended 30 June 2000 (Unaudited) Rmb'000
Income from principal operations	2	281,618	310,142
Less: Cost of sales		(235,405)	(218,127)
Business taxes and surcharges		(1,383)	(1,869)
Principal operating profit		44,830	90,146
Less: Selling expenses		(10,283)	(11,692)
Administrative expenses		(19,897)	(36,702)
Net financial expenses	3	(5,330)	(10,426)
Operating profit		9,320	31,326
Add: Investment (loss)/income	4	(1,802)	7,932
Add: Non-operating income		1,590	2,203
Less: Non-operating expenses	5	(1,142)	(9,257)
Profit for the period		7,966	32,204

Add: Accumulated deficit at the beginning of the period	(330,768)	(396,759)
Accumulated deficit	(322,802)	(364,555)

The notes on pages 36 to 56 form part of this interim financial report.

5. Consolidated cash flow statement (prepared in accordance with the PRC Accounting Regulations)

For the six months ended 30 June 2001

(Expressed in Reminbi Yuan)

	Six months ended 30 June 2001 (Unaudited) Rmb'000	Six months ended 30 June 2000 (Unaudited) Rmb'000
Cash flow from operating activities		
Cash received from sale of goods and rendering of service	392,051	412,116
Cash receipt in relation to taxes	67,263	67,883
Other cash received relating to operating activities	2,058	1,787
Sub-total of cash inflow	461,372	481,786
Cash paid for purchase of goods and acceptance of service	(261,942)	(318,393)
Cash paid to and on behalf of employees	(31,784)	(26,997)
Taxes paid	(66,646)	(79,643)
Other cash paid relating to operating activities	(25,460)	(30,683)
Sub-total of cash outflow	(385,832)	(455,716)
Net cash inflow from operating activities (note 1)	75,540	26,070
Cash flow from investing activities		
Cash received from investment income	4,761	-
Cash received from return of investments	5,142	3,735
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,673	349
Sub-total of cash inflow	12,576	4,084
Cash paid to acquire fixed assets, intangible		

assets and other long-term assets	(31,747)	(30,013)
Cash paid relating to investment	(71,000)	-
Sub-total of cash outflow	(102,747)	(30,013)
Net cash outflow from investing activities	(90,171)	(25,929)
	Six months ended 30 June 2001 (Unaudited) Rmb'000	Six months ended 30 June 2000 (Unaudited) Rmb'000
Cash flow from financing activities		
Proceeds from borrowings	373,930	383,365
Sub-total of cash inflow	373,930	383,365
Cash paid for repayment of borrowings	(279,841)	(314,691)
Cash paid for repayment of interest	(26,146)	(29,450)
Sub-total of cash outflow	(305,987)	(344,141)
Net cash inflow from financing activities	67,943	39,224
Net increase in cash and cash equivalents (note 3)	53,312	39,365

6. Notes on the consolidated cash flow statement
For the six months ended 30 June 2001
(Expressed in Reminbi Yuan)

1 Reconciliation of net profit to cash inflow from operating activities

	Six months ended 30 June 2001 (Unaudited) Rmb'000	Six months ended 30 June 2000 (Unaudited) Rmb'000
Net profit before minority interests	6,628	38,671
Add: (Write back)/provision for bad debts	(3,000)	5,000
Depreciation of fixed assets	41,416	32,492
Amortisation of intangible assets	1,482	1,482
Net (profit)/loss on disposal of fixed assets	(791)	5,066
Investment (income)/loss	(1,734)	3,325
Interest income	(15,900)	(13,454)
Interest expense	27,456	27,748

Increase in inventories	(11,298)	(9,242)
Increase in operating receivables	(29,333)	(30,669)
Increase/(decrease) in operating payables	59,377	(34,949)
Others	1,237	600

Net cash inflow from operating activities	75,540	26,070
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2 Investing and financing activities which do not involve in cash receipts and payments

	Six months ended 30 June 2001 (Unaudited) Rmb'000	Six months ended 30 June 2000 (Unaudited) Rmb'000
Increase in long-term investments by the transfer from other debtors	-	12,475
Transfer of interest receivables to long-term investments	-	14,560
Transfer of interest receivables to other debtors	-	41,295

3 Analysis of cash

	Cash and cash equivalents Rmb'000	Time deposit with original maturity over three months Rmb'000	Total Rmb'000
Balance at 1 January 2001	111,777	197,000	308,777
Net cash inflow/(outflow)	53,312	(2,000)	51,312
Balance at 30 June 2001	165,089	195,000	360,089

7. Cash flow statement (prepared in accordance with the PRC Accounting Regulations) For the six months ended 30 June 2001 (Expressed in Reminbi Yuan)

	Six months ended 30 June 2001 (Unaudited) Rmb'000	Six months ended 30 June 2000 (Unaudited) Rmb'000
Cash flow from operating activities		
Cash received from sale of goods and rendering of service	262,200	303,051
Cash receipt in relation to taxes	45,897	47,431
Other cash received relating to operating activities	1,825	1,642

Sub-total of cash inflow	309,922	352,124
Cash paid for purchase of goods and acceptance of service	(167,352)	(217,344)
Cash paid to and on behalf of employees	(22,494)	(20,707)
Taxes paid	(43,674)	(56,775)
Other cash paid relating to operating activities	(17,035)	(42,006)
Sub-total of cash outflow	(250,555)	(336,832)
Net cash inflow from operating activities (note 1)	59,367	15,292
Cash flow from investing activities		
Cash received from investment income	4,761	-
Cash received from return of investments	5,976	7,634
Net cash received from disposal of fixed assets, intangible assets and long-term assets	73	119
Sub-total of cash inflow	10,810	7,753
	Six months ended 30 June 2001 (Unaudited) Rmb'000	Six months ended 30 June 2000 (Unaudited) Rmb'000
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(3,342)	(26,869)
Other cash paid relating to investing activities	(71,000)	-
Sub-total of cash outflow	(74,342)	(26,869)
Net cash outflow from investing activities	(63,532)	(19,116)
Cash flow from financing activities		
Proceeds from borrowings	323,568	381,365
Sub-total of cash inflow	323,568	381,365
Cash paid for repayment of borrowings	(265,079)	(312,661)
Cash paid for repayment of interest	(21,871)	(26,881)
Sub-total of cash outflow	(286,950)	(339,542)
Net cash inflow from financing activities	36,618	41,823

Net increase in cash and cash equivalents (note 3)	32,453	37,999
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8. Notes on the cash flow statement

For the six months ended 30 June 2001

(Expressed in Reminbi Yuan)

1 Reconciliation of net profit to cash inflow from operating activities

	Six months ended 30 June 2001 (Unaudited) Rmb'000	Six months ended 30 June 2000 (Unaudited) Rmb'000
Net profit	7,966	32,204
Add: (Write back)/provision for bad debts	(3,000)	5,000
Depreciation of fixed assets	31,162	23,671
Amortisation of intangible assets	1,093	1,093
Net loss on disposal of fixed assets	460	5,151
Interest income	(17,811)	(14,987)
Interest expense	24,265	25,547
Investment loss/(income)	1,802	(7,932)
Increase in inventories	(421)	(3,288)
Increase in operating receivables	(8,475)	(13,331)
Increase/(decrease) in operating payables	25,058	(38,436)
Others	(2,732)	600
Net cash inflow from operating activities	59,367	15,292

2 Investing and financing activities which do not involve in cash receipts and payments

	Six months ended 30 June 2001 (Unaudited) Rmb'000	Six months ended 30 June 2000 (Unaudited) Rmb'000
Increase in long-term investment by the transfer from other debtors	-	12,475
Transfer of interest receivables to long-term investment	-	14,560
Transfer of interest receivables to other debtors	-	41,295

3 Analysis of cash

Cash and cash	Time deposits with original maturity over
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	equivalents Rmb'000	three months Rmb'000	Total Rmb'000
Balance at 1 January 2001	107,302	197,000	304,302
Net cash inflow/(outflow)	32,453	(2,000)	30,453
Balance at 30 June 2001	139,755	195,000	334,755

9. Details of impairment losses of assets

As at 30 June 2001

(Expressed in Reminbi Yuan)

The Group

Items	As at 1 January 2001 Rmb'000	Increase during the period Rmb'000	Written back during the period Rmb'000	As at 30 June 2001 Rmb'000
1 Provision for bad and doubtful debts:				
Trade debtors	101,040	-	(11,178)	89,862
Other debtors	103,475	-	-	103,475
Sub-total	204,515	-	(11,178)	193,337
2 Provision for inventories:				
Finished goods	10,344	-	-	10,344
Sub-total	10,344	-	-	10,344
3 Provision for diminution in value of investments:				
Long-term equity investments	13,981	1,033	-	15,014
Sub-total	13,981	1,033	-	15,014
Total impairment losses of assets	228,840	1,033	(11,178)	218,695

The Company

As at 1 January	Increase during the	Written back during the	As at 30 June
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Items	2001 Rmb'000	period Rmb'000	period Rmb'000	2001 Rmb'000
1 Provision for bad and doubtful debts:				
Trade debtors	97,135	-	(11,178)	85,957
Other debtors	102,709	-	-	102,709
Sub-total	199,844	-	(11,178)	188,666
2 Provision for inventories:				
Finished goods	10,344	-	-	10,344
Sub-total	10,344	-	-	10,344
3 Provision for diminution in value of investments:				
Long-term equity investments	7,642	1,033	-	8,675
Sub-total	7,642	1,033	-	8,675
Total impairment losses of assets	217,830	1,033	(11,178)	207,685

10. Notes on the interim financial report (Expressed in Reminbi Yuan)

1. Significant accounting policies

(a) Changes in accounting policies and respective impact

In accordance with regulations from documents of Finance (2000) No.25 Notice of Print and Distribute "Accounting System of Enterprises"*, Finance (2001) No.7 Notice of Print and Distribute "8 Specific Accounting Standards, such as intangible assets"* and Finance (2001) No. 17 Notice of Print and Distribute "Regulations Regarding Problems in Adopting Accounting System of Enterprises"*, the Group starts to adopt "Accounting System of Enterprises" and other relevant regulations.

The change in accounting policy does not lead to any significant impact on the financial data of 2001 and 2000.

(b) Basis of consolidation

The consolidated accounts of the Group incorporate the accounts of the Company and all of

its principal subsidiaries made up to six months ended 30 June 2001. All material intra-group transactions and balances have been eliminated on consolidation.

Subsidiaries which do not principally affect the results or assets of the Group are not consolidated and are grouped under other unlisted investments in long-term investments.

2. Income from principal operations

Income from principal operations represents the invoiced value of goods sold to customers, net of value-added tax ("VAT").

3. Net financial expenses

The Group

	Six months ended 30 June 2001 (Unaudited) Rmb'000	Six months ended 30 June 2000 (Unaudited) Rmb'000
Interest expense	27,456	27,748
Less: Interest income	(15,900)	(13,454)
	11,556	14,294
Exchange loss	352	9
Less: Exchange income	(1,590)	(3)
	(1,238)	6
Other financial expenses/(income)	137	(132)
	10,455	14,168

The Company

	Six months ended 30 June 2001 (Unaudited) Rmb'000	Six months ended 30 June 2000 (Unaudited) Rmb'000
Interest expense	24,265	25,547
Less: Interest income	(17,811)	(14,987)
	6,454	10,560

Exchange loss	351	9
Less: Exchange income	(1,590)	(3)
	(1,239)	6
Other financial expenses/(income)	115	(140)
	5,330	10,426

4. Investments income/(loss)

The Group

	Six months ended 30 June 2001 (Unaudited) Rmb'000	Six months ended 30 June 2000 (Unaudited) Rmb'000
Share of net loss of associated companies	(1,993)	(1,834)
Provision for diminution in value of other unlisted investments	(1,034)	(1,491)
Dividend income	4,761	-
	1,734	(3,325)

The Company

	Six months ended 30 June 2001 (Unaudited) Rmb'000	Six months ended 30 June 2000 (Unaudited) Rmb'000
Share of (losses)/profits from subsidiaries	(3,536)	9,766
Share of net loss of associated companies	(1,993)	(1,834)
Provision for diminution in value of other unlisted investments	(1,034)	-
Dividend income	4,761	-
	(1,802)	7,932

5. Non-operating expenses

The Group

Six months ended	Six months ended
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	30 June 2001 (Unaudited) Rmb'000	30 June 2000 (Unaudited) Rmb'000
Loss on disposal of fixed assets	460	5,066
Education expenses	-	664
Loss on sale of raw materials	1,704	2,645
Others	751	945
	2,915	9,320

The Company

	Six months ended 30 June 2001 (Unaudited) Rmb'000	Six months ended 30 June 2000 (Unaudited) Rmb'000
Loss on disposal of fixed assets	460	5,151
Education expenses	-	608
Loss on sale of raw materials	-	2,645
Others	682	853
	1,142	9,257

6. Overdue time deposits

The Group and the Company

Included in other debtors are overdue time deposits placed with a non-bank financial institution totalling Rmb 72,829,000 (31 December 2000: Rmb 72,829,000). Provisions have been made against those overdue time deposits.

Details of the overdue time deposits are set out as follows:

Account classification	Amount Rmb'000	Ultimate borrower	Level of provisions made %	Amount Rmb'000
Other debtors	145,657	Guangzhou International Trust & Investment Corporation ("GZITIC")	50	72,829

GZITIC is in the process of liquidation. Based on the directors' assessment of recent

developments, the Directors are of the opinion that the existing provision of Rmb 72,829,000, representing a 50% provision on the deposits, is adequate. No interest has been accrued in respect of these deposits.

The Directors confirm that the above deposits have no unfavourable impact on the normal production and operations of the Group.

7. Trade debtors

At 30 June 2001 and 31 December 2000, the ageing analysis of trade debtors is as follows:

The Group

	As at 30 June 2001 (Unaudited)			As at 31 December 2000 (Audited)		
	Rmb'000	Proportion %	Provision for bad debts Rmb'000	Rmb'000	Proportion %	Provision for bad debts Rmb'000
Within one year	121,083	42	-	146,734	51	-
Between one and two years	73,142	25	5,668	47,429	16	13,769
Between two and three years	25,847	9	12,924	17,761	6	8,881
Over three years	71,270	24	71,270	78,390	27	78,390
	291,342	100	89,862	290,314	100	101,040

The Company

	As at 30 June 2001 (Unaudited)			As at 31 December 2000 (Audited)		
	Rmb'000	Proportion %	Provision for bad debts Rmb'000	Rmb'000	Proportion %	Provision for bad debts Rmb'000
Within one year	105,599	41	-	125,419	48	2,547
Between one and two years	64,785	25	8,175	46,670	18	14,001
Between two and three years	24,610	9	12,305	14,994	6	7,497
Over three years	65,477	25	65,478	73,090	28	73,090
	260,471	100	85,958	260,173	100	97,135

The five largest trade receivables at 30 June 2001 are shown below:

Name of entity	Period of original debts	Particulars	Amount Rmb'000
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CLFG	1996-2000	Sales of glasses	106,025
Dong Feng Automotor Co. Ltd	1996-2001	Sales of glasses	15,815
Wuxi Xi Fo Glass Co. Ltd	2000	Sales of glasses	3,243
Henan Province Construction Company	1998	Sales of glasses	3,376
Shanxi Qin Yuan Materials Sales Department	2001	Sales of glasses	2,807

8. Other debtors

At 30 June 2001 and 31 December 2000, the ageing analysis of other debtors is as follows:

Current assets

The Group

	As at 30 June 2001 (Unaudited)			As at 31 December 2000 (Audited)		
	Rmb'000	Proportion %	Provision for bad debts Rmb'000	Rmb'000	Proportion %	Provision for bad debts Rmb'000
Within one year	80,128	14	-	91,608	16	-
Between one and two years	51,392	9	-	1,307	-	-
Between two and three years	205,927	36	72,828	222,704	40	72,828
Over three years	232,853	41	30,647	243,245	44	30,647
	570,300	100	103,475	558,864	100	103,475

The Company

	As at 30 June 2001 (Unaudited)			As at 31 December 2000 (Audited)		
	Rmb'000	Proportion %	Provision for bad debts Rmb'000	Rmb'000	Proportion %	Provision for bad debts Rmb'000
Within one year	81,645	14	-	88,497	15	-
Between one and two years	62,842	11	-	24,784	4	-
Between two and three years	201,409	36	72,828	219,347	38	72,828
Over three years	221,230	39	29,881	239,636	43	29,881

567,126	100	102,709	572,264	100	102,709
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Non-current assets

The Group

	As at 30 June 2001 (Unaudited)			As at 31 December 2000 (Audited)		
	Rmb'000	Proportion	Provision	Rmb'000	Proportion	Provision
		%	for bad debts Rmb'000		%	for bad debts Rmb'000
Within one year	1,005	-	-	149	-	-
Between one and two years	9,894	3	-	32,890	11	-
Between two and three years	42,000	14	-	57,477	18	-
Over three years	259,833	83	-	221,466	71	-
	312,732	100	-	311,982	100	-

The Company

	As at 30 June 2001 (Unaudited)			As at 31 December 2000 (Audited)		
	Rmb'000	Proportion	Provision	Rmb'000	Proportion	Provision
		%	for bad debts Rmb'000		%	for bad debts Rmb'000
Within one year	1,005	-	-	149	-	-
Between one and two years	9,894	3	-	32,890	11	-
Between two and three years	42,000	14	-	57,477	18	-
Over three years	259,833	83	-	221,466	71	-
	312,732	100	-	311,982	100	-

Included in the non-current portion of other debtors, there is a receivable from a fellow subsidiary, Taiyang. The receivable is secured by a specific charge on Taiyang's fixed assets. The Directors of the Company are of the opinion that the receivable cannot be settled within one year. The balance is charged at the prevailing market interest rate.

The five largest other receivables at 30 June 2001 are shown below:

Name of entity	Period of original debts	Particulars	Amount Rmb'000
Taiyang	1996-2001	Payment on behalf	312,732

CLFG	1997-2001	Payment on behalf	94,181
Guangzhou International Trust & Investment Corporation	1997-1998	Overdue deposits	72,829
Jingwei Glass Fiber Co. Ltd.	1999-2001	Payment on behalf	53,893
Luoyang Hoisting Machinery Company Limited	1997-2001	Payment on behalf	17,957

Except the amount due from the ultimate holding company, there were no balances due from any shareholders who hold more than 5% of the Company's shares.

9. Account receivables

Account receivables included trade debtors, interest receivables, advance payments and other debtors. Included in receivables, other than the ultimate holding company, there were no balances due from any shareholder who holds more than 5% of the Company's shares. The details of amount due from the ultimate holding company are set out in note 19. Included in other debtors, there was no balance due from any shareholder who holds more than 5% of the Company's shares.

10. Prepayment and deferred expenses

The Group

	As at 30 June 2001 (Unaudited) Rmb'000	As at 31 December 2000 (Audited) Rmb'000
Deposit of land use right	49,881	49,881
Packaging racks	66,282	63,188
Others	17,579	6,574
	133,742	119,643

The Company

As at 30 June 2001 (Unaudited) Rmb'000	As at 31 December 2000 (Audited) Rmb'000
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Deposit of land use right	49,881	49,881
Packaging racks	59,239	56,397
Others	16,339	6,422
	125,459	112,700

11. Inventories

The Group

	As at 30 June 2001 (Unaudited) Rmb'000	As at 31 December 2000 (Audited) Rmb'000
Raw materials	118,661	128,542
Work in progress	17,955	10,450
Finished goods	83,223	69,549
	219,839	208,541
Less: Provision for inventories	(10,344)	(10,344)
	209,495	198,197

The Company

	As at 30 June 2001 (Unaudited) Rmb'000	As at 31 December 2000 (Audited) Rmb'000
Raw materials	71,388	80,895
Work in progress	13,235	8,893
Finished goods	65,787	60,201
	150,410	149,989
Less: Provision for inventories	(10,344)	(10,344)
	140,066	139,645

12. Long-term investments

Details of long-term equity investments are as follows:

The Group

	As at 30 June 2001 (Unaudited) Rmb'000	As at 31 December 2000 (Audited) Rmb'000
Interest in associated companies (note 13)	106,756	43,132
Other unlisted investments (note 15)	102,965	142,965
Total of long-term equity investments	209,721	186,097

The Company

	As at 30 June 2001 (Unaudited) Rmb'000	As at 31 December 2000 (Audited) Rmb'000
Interest in subsidiaries (note 14)	126,571	90,107
Interest in associated companies (note 13)	106,756	43,132
Other unlisted investments (note 15)	96,627	136,627
Total of long-term equity investments	329,954	269,866

13. Interest in associated companies

The Group and the Company

	As at 30 June 2001 (Unaudited) Rmb'000	As at 31 December 2000 (Audited) Rmb'000
Capital contribution, at cost	60,553	60,553
Add: Additional capital contribution, at cost	71,000	-
Less: Share of results of the associated companies attributable under the equity method	(24,797)	(17,421)
Balance at 30 June 2001 and 31 December 2000 (note 12)	106,756	43,132

Details of the associated companies, which are incorporated in the PRC, are as follows:

Registered	Direct attributable equity	Principal
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Name of company	capital Rmb'000	interest	activity
Luoyang Jingxin Ceramics Co. Ltd	41,945	49%	Manufacture of ceramic wall tiles
China Luoyang Float Sheet Glass Group Financial Company of Limited Liabilities ("CLFC")	300,000	37%	Provision of financial services

14. Interest in subsidiaries

The Company

	As at 30 June 2001 (Unaudited) Rmb'000	As at 31 December 2000 (Audited) Rmb'000
Cost at 30 June 2001 and 31 December 2000	166,846	126,846
Less: Share of results of the subsidiaries under the equity method	(40,275)	(36,739)
Balance at 30 June 2001 and 31 December 2000 (note 12)	126,571	90,107

Details of the Company's principal subsidiaries, all of which are established and operating in the PRC, which affected the results or assets of the Group at 30 June 2001 are as follows:

Name of company	Legal representative/ chairman	Registered capital	Direct attributable equity interest %	Principal activities	Note
Luobo Group Longmen Glass Company	Wang Yongxin	Rmb20,000,000	79.06	Manufacture of float sheet glass	(i)
Chenzhou Bada Glass Co. Ltd	Guo Xiaohuan	Rmb120,000,000	52.25	Manufacture of float sheet glass	(ii)
CLFG Yang Shao Glass Co. Ltd	Li Jinran	Rmb74,080,000	54.00	Manufacture of float sheet glass	(iii)

Notes:

- (i) The company is a collective joint enterprise. As at 30 June 2001, the Company's total investment in this subsidiary amounted to Rmb 64,146,000.
- (ii) The company is a joint stock limited liabilities company set up to establish a float sheet glass production line in Chenzhou, Hunan, the PRC. It commenced production in October 1994. As at 30 June 2001, the Company's total investment in this subsidiary's registered capital amounted to Rmb 62,700,000.
- (iii) The company is a limited company set up to establish a float sheet glass production line in Mianchi, San Men Xia, Henan, the PRC. It commenced production in April 2001. As at 30 June 2001, the company's total investment in this subsidiary's registered capital amounted to Rmb 40,000,000.

15. Other unlisted investments

The Group's other unlisted investments include non-controlling equity investments in various enterprises which are mainly engaged in manufacturing or trading activities. The Group's share of results attributable to these interests during the period ended 30 June 2001 is not material in relation to the profit of the Group for the said period and therefore is not equity accounted for. Additionally, other investments include non-consolidated subsidiaries that do not principally affect the results or assets of the Group and, therefore, is not consolidated or equity accounted for. At 30 June 2001, the Group had no material commitment in respect of outstanding capital contributions in these investments.

16. Fixed assets

The Group

	Buildings Rmb'000	Plant, machinery and equipment Rmb'000	Motor vehicles Rmb'000	Total Rmb'000
Cost:				
At 1 January 2001	362,235	949,336	18,802	1,330,373
Additions	18,446	17,775	3,513	39,734
Reclassification	-	8,987	(8,987)	-
Transfer from construction in progress (note 17)	15,296	40,387	-	55,683
Disposals	-	(1,630)	(654)	(2,284)
At 30 June 2001	395,977	1,014,855	12,674	1,423,506
Accumulated depreciation:				
At 1 January 2001	76,306	321,478	14,189	411,973
Charge for the period	5,050	35,747	619	41,416

Reclassification	-	4,538	(4,538)	-
Written back on disposal	-	(350)	(512)	(862)

At 30 June 2001	81,356	361,413	9,758	452,527
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Net book value:

At 30 June 2001	314,621	653,442	2,916	970,979
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At 31 December 2000	285,929	627,858	4,613	918,400
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The Company

	Buildings Rmb'000	Plant, machinery and equipment Rmb'000	Motor vehicles Rmb'000	Total Rmb'000
Cost:				
At 1 January 2001	213,613	741,499	2,220	957,332
Additions	-	406	750	1,156
Disposals	-	(770)	(339)	(1,109)
At 30 June 2001	213,613	741,135	2,631	957,379

Accumulated depreciation:

At 1 January 2001	51,696	247,539	1,828	301,063
Charge for the period	2,586	28,464	112	31,162
Written back on disposal	-	(317)	(260)	(577)
At 30 June 2001	54,282	275,686	1,680	331,648

Net book value:

At 30 June 2001	159,331	465,449	951	625,731
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At 31 December 2000	161,917	493,960	392	656,269
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17. Construction in progress

Construction in progress comprises expenditure incurred on the construction of buildings, plant, machinery and equipment not yet completed at 30 June 2001.

The Group

As at

As at

	30 June 2001 (Unaudited) Rmb'000	31 December 2000 (Audited) Rmb'000
Balance at 1 January	2,797	3,057
Additions for the period	80,462	36,968
	83,259	40,025
Transfer to fixed assets (note 16)	(55,683)	(37,228)
Balance at 30 June 2001 and 31 December 2000	27,576	2,797

The Company

	As at 30 June 2001 (Unaudited) Rmb'000	As at 31 December 2000 (Audited) Rmb'000
Balance at 1 January	2,538	2,307
Additions for the period	2,186	31,271
	4,724	33,578
Transfer to fixed assets (note 16)	-	(31,040)
Balance at 30 June 2001 and 31 December 2000	4,724	2,538

18. Related party transactions

(i) Ordinary transactions

A significant portion of transactions undertaken by the Group during the period ended 30 June 2001 have been effected with such counterparties and on such terms as have been determined by ultimate holding company and the Group.

Transactions between the Group and CLFG and its group companies were as follows:

	Six months ended 30 June 2001 (Unaudited) Rmb'000	Six months ended 30 June 2000 (Audited) Rmb'000
Sales	20,578	47,692
Purchase of raw materials	19,746	15,744
Management expenses	3,000	3,900

Interest paid and payable	7,995	9,576
Interest received and receivable	10,708	11,152
Guarantee issued to suppliers in favour of the Company	30,000	7,500
Guarantee issued to banks in favour of the Company	233,800	289,724

The directors of the Company are of the opinion that the above transactions were on normal commercial terms and were entered into in the ordinary and usual course of business, and this has been confirmed by the non-executive directors.

Related party transactions with CLFG constitute more than 90% of the total transactions undertaken.

As the remaining related party transactions are undertaken with various LGC's fellow subsidiaries with each balance involved not material, no details of those fellow subsidiaries are disclosed.

(ii) Other transactions - additional investment in an associated company

The registered capital of CLFC increased from Rmb 100,000,000 to Rmb 300,000,000 in the current period, and the Company correspondingly increased its investment in CLFC by Rmb 71,000,000. The direct attributable equity interest was changed from 40% to 37%.

19. Amounts due from/to ultimate holding company and due from/to fellow subsidiaries

Included in the following balance sheet captions are balances with the ultimate holding company and fellow subsidiaries:

The Group

	CLFG		Fellow subsidiaries	
	As at 30 June 2001 (Unaudited) Rmb'000	As at 31 December 2000 (Audited) Rmb'000	As at 30 June 2001 (Unaudited) Rmb'000	As at 31 December 2000 (Audited) Rmb'000
Assets				
Trade debtors	106,037	108,073	13,972	12,878
Advance payments	600	-	6,713	2,319
Other debtors	117,264	123,670	430,641	429,153
Interest receivable	-	-	30,193	21,248
	223,901	231,743	481,519	465,598
Liabilities				
Short-term loans	210,500	217,500	-	-

Trade creditors	-	61	2,577	2,622
Receipts in advance	2,636	2,759	2,626	1,082
Other creditors	28,364	25,179	4,255	6,954
	241,500	245,499	9,458	10,658

The Company

	CLFG		Fellow subsidiaries	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2001	2000	2001	2000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Assets				
Trade debtors	106,025	108,010	13,935	12,886
Advance payments	-	-	4,016	2,105
Other debtors	117,245	129,003	428,732	427,830
Interest receivable	-	-	30,193	21,248
	223,270	237,013	476,876	464,069
Liabilities				
Short-term loans	194,900	217,500	-	-
Trade creditors	-	61	2,547	2,497
Receipts in advance	2,631	1,631	519	73
Other creditors	28,364	22,311	3,088	5,833
	225,895	241,503	6,154	8,403

20. Commitments

Capital commitments

At 30 June 2001 and 31 December 2000, the Group and the Company had the following capital commitments:

The Group

	As at	As at
	30 June	31 December
	2001	2000
	(Unaudited)	(Audited)
	Rmb'000	Rmb'000
Contracted but not provided for	46,597	22,112
Authorised but not contracted for	120,041	124,242

Total	166,638	146,354
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The Company

	As at 30 June 2001 (Unaudited) Rmb'000	As at 31 December 2000 (Audited) Rmb'000
Contracted but not provided for	1,132	2,367
Authorised but not contracted for	1,817	817
Total	2,949	3,184

21. Contingent liabilities

At 30 June 2001 and 31 December 2000, contingent liabilities are as follows:

	The Group		The Company	
	As at 30 June 2001 (Unaudited) Rmb'000	As at 31 December 2000 (Audited) Rmb'000	As at 30 June 2001 (Unaudited) Rmb'000	As at 31 December 2000 (Audited) Rmb'000
Guarantees issued to banks in favour of				
- ultimate holding company	-	6,000	-	6,000
- subsidiaries	-	-	69,770	69,770
- fellow subsidiaries	38,300	38,300	38,300	38,300
	38,300	44,300	108,070	114,070

(2) FINANCIAL SUMMARY

1. Consolidated profit and loss account (prepared in accordance with the International Accounting Standards)

For the six months ended 30 June 2001 - unaudited

(Expressed in Reminbi Yuan)

	Note	Six months ended 30 June 2001 Rmb'000	Six months ended 30 June 2000 Rmb'000
Revenue	2	387,132	422,705

Cost of sales		(324,985)	(296,859)
Gross profit		62,147	125,846
Administrative expenses		(31,773)	(47,432)
Selling expenses		(13,769)	(15,351)
Profit from operations		16,605	63,063
Net financial costs		(10,455)	(14,168)
Investment income/(expenses)		3,727	(1,491)
Non-operating income		1,659	2,421
Non-operating expenses		(2,915)	(9,320)
Profit from ordinary activities before share of net loss of associated companies		8,621	40,505
Share of net loss of associated companies		(1,993)	(1,834)
Profit from ordinary activities before taxation	4	6,628	38,671
Taxation	5	-	-
Profit from ordinary activities after taxation		6,628	38,671
Minority interests		1,338	(6,467)
Profit attributable to shareholders		7,966	32,204
Accumulated deficit brought forward		(341,078)	(407,069)
Accumulated deficit carried forward		(333,112)	(374,865)
Basic earnings per share (in Rmb Yuan)	6	0.011	0.046

There was no gain or loss recognised directly in equity during the periods ended 30 June 2000 and 2001.

The notes on pages 60 to 67 form part of this interim financial report.

2. Condensed consolidated balance sheet (prepared in accordance with the International Accounting Standards)
As at 30 June 2001 - unaudited
(Expressed in Reminbi Yuan)

		As at 30 June 2001 Rmb'000	As at 31 December 2000 Rmb'000
	Note		
Non-current assets			
Fixed assets	9	1,102,480	1,051,381
Construction in progress	10	36,764	13,260
Long-term investments		255,529	240,015
Trade and other receivables		342,926	333,231
Cash at non-bank financial institutions	11	72,829	72,829
		1,810,528	1,710,716
Current assets			
Trade receivables	13	81,485	68,322
Inventories	12	209,495	198,197
Other current assets		618,333	572,459
Cash at bank and non-financial institution		195,000	197,000
Cash and cash equivalents		165,089	111,777
		1,269,402	1,147,755
Current liabilities			
Interest-bearing bank and other loans		893,980	897,006
Trade payables	14	183,182	125,255
Other current liabilities		249,790	221,467
		1,326,952	1,243,728
Net current liabilities		(57,550)	(95,973)
Total assets less current liabilities		1,752,978	1,614,743
Non-current liabilities			
Interest-bearing bank and other loans		109,308	12,193
Long-term payables		5,741	5,329
Minority interests		77,247	44,505
		192,296	62,027
Net assets		1,560,682	1,552,716
Capital and reserve			

Share capital		700,000	700,000
Reserves	8	860,682	852,716
		1,560,682	1,552,716

The notes on pages 60 to 67 form part of this interim financial report.

3. Condensed consolidated cash flow statement (prepared in accordance with the International Accounting Standards)
For the period ended 30 June 2001 - unaudited
(Expressed in Reminbi Yuan)

	Six months ended 30 June 2001 Rmb'000	Six months ended 30 June 2000 Rmb'000
Net cash inflow/(outflow) from operating activities	56,924	(3,556)
Net cash outflow from investing activities	(97,701)	(25,929)
Net cash inflow from financing activities	94,089	68,850
Increase in cash and cash equivalents	53,312	39,365
Cash and cash equivalents at 1 January	111,777	111,839
Cash and cash equivalents at 30 June	165,089	151,204

The notes on pages 60 to 67 form part of this interim financial report.

4. Notes on the unaudited interim financial report

1. Significant accounting policies

Basis of preparation

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports", issued by the Hong Kong Society of Accountants ("HKSA"). KPMG's independent review report to the Board of Directors is included on pages [包]. The interim financial report has been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard 34 "Interim financial reporting" ("IAS 34") issued by the International Accounting Standards Committee.

The financial information relating to the financial year ended 31 December 2000 included in

the interim financial report does not constitute the Group's statutory accounts for that financial year but is derived from those accounts. Statutory accounts for the year ended 31 December 2000 are available from the Group's registered office. The auditors have expressed an unqualified opinion on those accounts in their report dated 17 April 2001.

The same accounting policies adopted in the 2000 annual accounts have been applied to the interim financial report.

2. Revenue

The Group's principal activity is the manufacturing and selling of float sheet glass and processed vehicle glass.

Revenue, which represents turnover, composed of invoiced value of goods sold to customers, net of value-added tax ("VAT"), business taxes and surcharges, after eliminating inter-company transactions.

3. Segment reporting

The Group's profits are almost entirely attributable to its sales and manufacture of float sheet glass in the People's Republic of China("PRC"). Accordingly, no segmental analysis is provided.

4. Profit from ordinary activities before taxation

Profit from ordinary activities before taxation is arrived at after charging:

	Six months ended 30 June 2001 Rmb'000	Six months ended 30 June 2000 Rmb'000
Interest on borrowings	27,456	27,748
Depreciation and amortisation	42,897	32,492
Net (gain)/loss on disposal of fixed assets	(791)	5,066

5. Taxation

No provision for PRC income tax has been made in the interim financial report as the tax losses brought forward from previous years exceed the estimated assessable profits for the period.

No provision for deferred taxation has been made as the Group has a net deferred tax asset in respect of tax losses brought forward. The deferred tax asset has not been recognised in the accounts as it is not certain whether the potential taxation benefit will be realised in the foreseeable future.

6. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated with reference to the unaudited profit attributable to shareholders of Rmb7,966,000 (2000: Rmb32,204,000) and the number of shares in issue of 700,000,000 (2000: 700,000,000) during the period.

(b) Diluted earnings per share

No diluted earnings per share is calculated as there is no dilutive potential shares.

7. Interim dividend

The Board of Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2001 (2000: Nil).

8. Transfer to the reserves

No transfer had been made to the reserves from profits attributable to the shareholders for the six months ended 30 June 2001 (2000: Nil) as accumulated deficit brought forward from the previous year exceeds profit for the period.

9. Fixed assets

	Land and buildings Rmb'000	Plant, machinery and equipment Rmb'000	Motor vehicles Rmb'000	Total Rmb'000
Cost or valuation:				
At 1 January 2001	514,461	949,336	18,802	1,482,599
Additions	18,446	17,776	3,513	39,735
Reclassification	-	8,987	(8,987)	-
Transfer from construction in progress	15,296	40,387	-	55,683
Disposals	-	(1,630)	(654)	(2,284)
At 30 June 2001	548,203	1,014,856	12,674	1,575,733
Accumulated depreciation and amortisation:				
At 1 January 2001	95,551	321,478	14,189	431,218
Charge for the period	6,531	35,747	619	42,897
Reclassification	-	4,538	(4,538)	-
Written back on disposal	-	(350)	(512)	(862)

At 30 June 2001	102,082	361,413	9,758	473,253
Net book value:				
At 30 June 2001	446,121	653,443	2,916	1,102,480
At 31 December 2000	418,910	627,858	4,613	1,051,381

10. Construction in progress

Construction in progress comprises expenditure incurred on the construction of building, plant, machinery and equipment not yet completed at 30 June 2001.

	As at 30 June 2001 Rmb'000	As at 31 December 2000 Rmb'000
Balance at beginning of period	13,260	16,927
Additions for the period	79,187	33,561
	92,447	50,488
Transfer to fixed assets	(55,683)	(37,228)
Balance at end of period	36,764	13,260

11. Overdue time deposits

The cash at non-bank financial institutions are overdue time deposits placed with a non-bank financial institution totalling RMB72,829,000 (31 December 2000: RMB72,829,000). Provisions have been made against those overdue time deposits.

Details of the overdue time deposits are set out as follows:

Account classification	Amount RMB'000	Ultimate borrower	Level of provisions made %	Amount RMB'000
Cash at non-bank financial institutions	145,657	Guangzhou International Trust & Investment Corporation ("GZITIC")	50	72,829

GZITIC is in the process of liquidation. Base on the directors' assessment of recent developments, the Directors are of the opinion that the existing provision of RMB72,829,000, representing a 50% provision on the deposits, is adequate. No interest has been accrued in respect of these deposits.

The Directors confirm that the above deposits have no unfavourable impact on the normal production and operations of the Group.

12. Inventories

Included in Group's inventories are finished goods of Rmb11,362,000 (2000: Rmb6,666,500), stated at net realisable value.

13. Trade receivables

An ageing analysis of trade receivables is as follows:

	As at 30 June 2001 Rmb'000	As at 31 December 2000 Rmb'000
Within one year	105,578	103,904
Between one and two years	20,449	6,995
Between two and three years	6,247	10,980
Over three years	39,072	47,483
	171,346	169,362
Less: Provision	(89,861)	(101,040)
	81,485	68,322

Debts are normally due within 60 to 90 days from date of billing. The ageing analysis above is prepared in accordance with invoice dates.

14. Trade payables

An ageing analysis of trade payables is as follows:

	As at 30 June 2001 Rmb'000	As at 31 December 2000 Rmb'000
Due within 1 month or on demand	91,593	44,757
Due after 1 month but within 3 months	54,955	48,328
Due after 3 months but within 6 months	36,634	32,170
	183,182	125,255

Payables are normally due within 60 to 180 days from the date of billing, depend on the type of raw materials purchased.

15. Related party transactions

(i) Ordinary transactions

A significant portion of ordinary transactions undertaken by the Group during the period ended 30 June 2001 have been effected with such counterparties and on such terms as have been determined by ultimate holding company and the Group.

Transactions between the Group and ultimate holding company and its group companies were as follows:

	Six months ended 30 June 2001 Rmb'000	Six months ended 30 June 2000 Rmb'000
Sales	20,578	47,692
Purchase of raw materials	19,746	15,744
Management expenses	3,000	3,900
Interest paid and payable	7,995	9,576
Interest received and receivable	10,708	11,152
Guarantee issued to the suppliers in favour of the Company	30,000	7,500
Guarantee issued to banks in favour of the Company	233,800	289,724

(ii) Other transactions - additional investment in an associated company

The registered capital of China Luoyang Float Glass Group Financial Company of Limited Liabilities ("CLFC") increased from Rmb100,000,000 to Rmb300,000,000 in the current period, and the company correspondingly increased its investment in CLFC by Rmb71,000,000 from RMB40,000,000 to RMB111,000,000. The Group's direct attributable equity interest was changed from 40% to 37%.

16. Capital commitments

At 30 June 2001 and 31 December 2000, capital commitments were as follows:

	As at 30 June 2001 Rmb'000	As at 31 December 2000 Rmb'000
Contracted but not provided for	46,597	22,112
Authorised but not contracted for	120,041	124,242
	166,638	146,354

17. Contingent liabilities

At 30 June 2001 and 31 December 2000, contingent liabilities were as follows:

	As at 30 June 2001 Rmb'000	As at 31 December 2000 Rmb'000
Guarantees issued to banks in favour of		
- ultimate holding company	-	6,000
- fellow subsidiaries	38,300	38,300
	38,300	44,300