四、 管理層討論與分析

(一) 上半年經營情況回顧

1、 市場情況及採取措施：

本公司是世界三大浮法之一「洛陽浮法」的誕生地，擁有六條浮法玻璃生產線，是中國玻璃行業較大的浮法玻璃生產商和經銷商。報告期內，公司內外部的形勢發生了一些新的變化，一是受國家緊縮固定資產投資宏觀政策的影響，玻璃市場需求拉動減緩；二是今年以來國內有8條浮法線相繼投產，新增產能1,900萬重箱，加劇了市場競爭；三是硅砂、純鹼等原燃材料漲價，成本控制難度增大，加之鐵路、公路運輸、電力供應緊張，給生產經營帶來極大的影響和困難；四是因公司年報披露去年虧損，銀行紛紛對我公司收貸和提高利率，造成融資困難。面對上述種種困難和不利因素，我們狠抓內部管理，加快產品結構調整優化升級，主動適應市場變化；積極抓住市場機遇，加大產品銷售力度，提高高附加值產品銷量，通過採取行之有效的對策措施，使生產經營保持了產銷兩旺的良好態勢。

報告期內，公司主要採取了以下措施：

一、 以規範管理程序，提高效率，降低運行費用為重點，加強內部各項管理工作，提高企業整體管理水平

1、 牢固樹立過「緊日子」思想，嚴格控制非生產性費用支出，認真落實大件辦公用品控購審批制、民工使用審批制、加強辦公場所用電管理等制度，培養幹部員工養成從細處著眼、點滴入手的節約意識；

4. MANAGEMENT DISCUSSION AND ANALYSIS

(1) Business review for the first half of the year

1. Market condition and implementation of measures:

The Company is the place of origin of one of the three major float glass production bases “Luoyang Float Glass” in the world. Possessing six production lines of float glass, the Company is a major producer and distributor of float glass in the PRC. During the reporting period, the Company encountered new situations both internally and externally due to a) market demand for float glass grew slowly because of the macro control policies imposed by the State for tightening investment in fixed assets; b) eight production lines of float glass commenced operations in the PRC since the start of 2004 providing an additional capacity of 19,000,000 weighted cases, resulting in much fierce market competition; c) rising prices of raw materials such as silicon sand and soda ash that added the difficulties to cost control of the Company. Besides, the tight supply of rail and road transport services and electric power also imposed significant impact on the Company’s production and operation; d) after the Company reported a net loss in last year’s annual report, a number of banks either asked for repayments of loans or higher interest rates on the existing loans provided to the Company, and these led to financing problems. In view of these difficulties and unfavorable factors, we strived to strengthen internal management, accelerate the restructuring of product mix and take initiative to embrace changes in the market. Meanwhile, we made great efforts to capitalize on business opportunities, enhance sales and marketing of products and expand the sales of high value-added products. Through the adoption of a series of proven and effective measures, we have managed to achieve sustainable and encouraging results in both production and sales.

During the reporting period, the Company focused on the following measures:

1. Regulating management procedures with an emphasis on optimizing operating efficiency and lowering costs, and strengthening corporate governance for the purpose of raising the quality of management:

   a. Adhering strictly to the “belt-tightening” principle so as to exercise vigorous control over expenses for non-production purposes; encouraging the Company’s staff to save costs by implementing and reinforcing control and approval in the procurement of large office equipment, deployment of local workers and power usage in the workplace; and

2、 規範管理程序，合理調整職能職責分工，建立精簡、高效的運行體系。

二、 以財務管理為突破口，重視資本運營工作，提高財務預算、核算、費用控制和資金管理水平，降低各項費用支出

1、 根據利潤指標倒推成本指標，層層分解，加強費用的程序控制。

2、 強化財務對銷售價格和貨款授信監督管理職能，堵塞漏洞。

3、 加強資金管理和資本運營，最大限度降低資金成本。

三、 加強生產組織管理和產品結構調整步伐，確保各線產品結構調整和穩定生產雙重目標的順利實現

1、 加強生產組織協調，實現各線長期優質、穩定。

2、 以市場為導向，優化產品結構，搞好產銷銜接，最大限度提高公司綜合經濟效益。加大厚玻璃、大規格及超薄玻璃等高附加值品種的生產，降低價格下滑過快、市場存量較多、效益較差的品種的生產量。

四、 加快營銷體制改革，加強市場營銷戰略策劃，抓住市場機遇實現當期經濟效益最大化

1、 加快營銷體制、機制改革，重新整合玻璃市場，充分發揮營銷網絡資源優勢。

2、 加強市場營銷策劃，最大限度實現與市場的對接，保證當期經濟效益的實現。

3、 積極應對玻璃市場出現的新變化，最大限度降低市場變化的影響和衝擊。

4、 合理分配資源，積極擴大產品出口。上半年共出口玻璃44.2萬重箱，創匯美元5,207千元，實現利潤人民幣7,591千元。

b. Regulating management procedures and rationalizing duties and responsibilities of staff to establish a streamlined and highly effective operating system.

2. Concentrating on the allocation of capital by achieving a breakthrough in financial management to improve budgeting, costing, control on level of expenditure and fund management, and to reduce expenses by:

a. Setting cost-reduction targets based on profit indices for all levels of operation in an effort to tighten control over expenditure;

b. Beefing up financial management in respect of pricing and credit controlling while plugging respective loopholes; and

c. Improving fund and capital management to minimize financial expenses.

3. Strengthening production and organization management and speeding up the adjustment of product mix to realize the goals of refining the composition of all product lines and securing stable production:

a. Improving coordination in production and operation sectors as a mean to sustain the high quality and stability of all production lines; and

b. Optimizing the product mix as well as the production-to-sales process with a market-oriented approach to maximize the Company's cost-effectiveness as a whole; expanding the production of high value-added products like extra thick glass, large glass and ultra-thin glass, while at the same time reducing the production of products which prices were falling rapidly due to the excessive market supply and low margin.

4. Accelerating reform of the Company's sales system to enhance the implementation of marketing strategies and to capture market opportunities for maximum cost-effectiveness:

a. Driving the sales and organizational reform to reorganize the float glass market and to take full advantage of the Company's sales network;

b. Improving marketing planning for smooth integration into target markets and ensuring timely realization of cost-saving goals;

c. Adapting to changes in the float glass market proactively to minimize potential influence and impact;

d. Allocating resources in a reasonable manner to expand export of its products (the Company generated a foreign currency revenue of US$5,207,000 and achieved a profit of RMB7,591,000 by exporting 442,000 weighted cases to overseas markets in the first half of 2004);

5、 根據市場走勢，重視市場信息收集、分析，增強駕馭市場的能力，加大對價格持續走高物資的早期儲備，減少價格回落物資的新採購量，並將預測市場、把握市場機遇的能力作為一項考核依據；提高持續漲價物資的採購合同按時履約率，以降低按新價格採購而增加的採購成本。

五、 加強對子公司的管理，促使其改善經營狀況，提高盈利水平

2、 報告期公司工作中存在的問題與不足

首先，三大結構調整的拳頭產品還與市場要求存在差距。龍玻超薄玻璃在產銷量方面完成了任務，但產品質量還沒有實現長期優質穩定，部分問題有回潮反覆現象；三線F綠在線鍍膜玻璃生產技術需要儘快完善，成品率和優一級品率需要進一步提高，才能更有效地滿足市場需要；一線19㎜、15㎜超厚大板玻璃的商品化進展不快，尤其是19㎜超厚玻璃仍然沒有實現大批量商品化。

其次，公司內部改革工作推進速度比較緩慢。尤其在分配制度、用工制度、幹部激勵與約束方面還需要加快調研，尋求適合公司發展的新辦法；公司內部管理還有不到位、不完善的地方需要加以改進。

第三，企業外部經營環境因盈利而變得更加複雜，對正常生產經營造成了很大干擾，但一些問題的產生暴露了我們在以往管理中忽略了隱性問題的及時解決，以至於給企業造成較大的經濟損失。

第四，各子公司的盈利水平還不高，個別子公司仍然虧損。上半年，幾個生產浮法玻璃的駐外子公司都出現了盈利，但是盈利的水平和能力較民營企業還有很大的差距，自身的綜合競爭能力還不強，實現盈利很大程度上依賴於市場的好壞。

第五，面對國民經濟運行中「煤、電、油、運」供應緊張的瓶頸制約，我們雖採取了一些應對措施，但還沒有把這些瓶頸制約對生產經營的影響降到最低限度。

e. Paying high regard to collecting and analyzing market information to enhance marketability of products and its understanding of market trends; increasing inventories of products whose prices are constantly rising while reducing inventories of those with falling prices; setting the ability of predicting market trends and capturing business opportunities as an appraisal requirement; raising the timely fulfillment rate of procurement contracts of price-rising materials to minimize procurement cost arising from newly signed contracts.

5. Strengthening control over the subsidiaries to improve their operating conditions and profitabilities.

2. Problems and weaknesses in operation during the reporting period

Firstly, there are still discrepancies between the three principal products that have undergone restructuring and market demand. Although Longmen has accomplished its production and sales targets for ultra-thin glass, it failed to maintain product quality and stability as expected. In particular, some problems reoccurred. In order to fully satisfy market demand, the Company has to improve the F-green online glass plating technology of production line No. 3 as soon as possible and to raise the ratio of finished products and the percentage of excellent class products. The commercialization of 19mm and 15mm ultra-thick large glass sheets is progressing slowly. The 19mm ultra-thick glass has yet to come into mass production and commercialization.

Secondly, the Company is also making slow progress in its internal reform. Greater efforts need to be made for accelerating the pace of establishing appropriate systems for division of work, staff motivation and supervision to work out ways of further expanding business operations. Moreover, problems and weaknesses existing in the Company's management must be addressed.

Thirdly, the increasing complicated business environment has a significant negative influence on the Company's production and operation. Some issues that we now face are actually underlying problems that we failed to deal with in the past and that caused us substantial losses.

Fourthly, profitability of subsidiaries remains at a low level; some continued to record losses. In the first half of the year, a number of subsidiaries engaging in the production of float glass recorded operating profits, though their profitabilities still lag behind that of private enterprises. As the Company is still not competitive enough as a whole, our profit-making capability depends heavily on market conditions.

Fifthly, facing the bottlenecks of tight supply of coal, power, oil and transport in the national economy, we have adopted a series of measures but failed to minimize the impact of such bottlenecks.

3、 **主要產品的市場佔有情況**

本集團主導產品平板玻璃在華中地區、西南地區、華東地區、華北地區佔有較大的市場份額，國際市場僅佔本集團銷售額的6.93%左右。

3. **Market share of principal products**

The Group's leading product, float sheet glass, captures a large market share in the central, southwest, eastern and northern parts of the PRC. The global market only accounts for about 6.93% of the turnover of the Group.

4、 **流動資金及資本來源(按照國際會計準則)**

截至二零零四年六月三十日本集團現金及現金等價物為人民幣123,314千元，其中美金存款為10.6千元(二零零三年十二月三十一日：美金存款為10.6千元)、港幣存款6,898千元(二零零三年十二月三十一日：港幣存款為6,981千元)和英鎊存款零元(二零零三年十二月三十一日：英鎊存款為5.6千元)，與二零零三年底的人民幣82,279千元比較，共增加了人民幣41,035千元。籌資活動所產生的現金淨流出用來支付借款利息及投資活動的融資。

4. **Source of liquid fund and capital (prepared in accordance with IFRS)**

As at 30 June 2004, the Group had cash and cash equivalents of RMB123,314,000, including a US dollar deposit of US$10,600 (at 31 December 2003: US$10,600), a HK dollar deposit of HK$6,891,000 (at 31 December 2003: HK$6,981,000) and a pound deposit of £nil (at 31 December 2003: £5,600), up by approximately RMB41,035,000 from RMB82,279,000 as at the end of 2003. Net cash outflow generated from financial activities was used to finance borrowings and investment activities.

5、 **借款(按照國際會計準則)**

截至二零零四年六月三十日，本集團總借款金額為人民幣1,000,077千元，其中人民幣8,623千元為外幣借款(原幣為歐元834千元)。借款期限為1－20年所有借款利率是根據經濟合作及發展組織及中國法定流動資金貸款利率所浮動。本集團並沒有訂立任何金融工具作對沖用途。截至二零零四年六月三十日，本集團的借款比率為1.21(計算方法以借款總額除以股東權益)，比二零零三年十二月三十一日減少7%。

5. **Borrowings (prepared in accordance with IFRS)**

As at 30 June 2004, the total loans due from the Group were RMB1,000,077,000, including a foreign currency loan of RMB8,623,000, (original amount: Euro 834,000). The term of loans range from 1 to 20 years. All loans bear interest rates at the rates determined by Organisation for Economic Co-operation and Development and China Statutory Current Assets Loan interest from time to time. The Group did not contract for any financial instrument as hedging vehicle. As at 30 June 2004, debts to equity ratio of the Group was 1.21 (which is calculated by dividing total borrowings over shareholders' funds) down by 7% as compared to that of 31 December 2003.

6、 **匯率波動風險**

本集團之資產、負債及交易主要以人民幣計算，因此匯率波動對本集團無重大影響。

6. **Risks of exchange rate fluctuations**

Since the Group's assets, liabilities and transactions were principally denominated in Renminbi, exchange rate fluctuations did not have any material impact on the Group.

7、 **資本承擔**

本集團於二零零四年六月三十日有人民幣941千元的資本承擔，主要為本集團的建設工程款。

7. **Capital commitment**

The Group's capital commitment as at 30 June 2004 was approximately RMB941,000 which was mainly used to finance the Group's construction projects.

8、 **本期資本負債比率為1.62；上年資本負債比率為1.77(計算方法從負債除以股東權益)(按照國際會計準則)。**

8. **The gearing ratio for the current period was 1.62 while that of last year was 1.77 (prepared in accordance with IFRS).**

9、 **本集團之資產抵押**

於二零零四年六月三十日，本集團有價值約為人民幣88,075千元(二零零三年十二月三十一日為：人民幣105,899千元)的銀行存款作為應付票據、短期借款的抵押。

9. **Pledge of assets of the Group**

As at 30 June 2004, the Group has pledged its bank deposits of RMB88,075,000 (at 31 December 2003: RMB105,899,000) for bills payables and short term loans.

10、 或有負債

於二零零四年六月三十日，本集團或有負債合計為3,000千元。

10. Contingent liability

As at 30 June 2004, the Group had contingent liability amounting to RMB3,000,000.

11、 僱員

截至二零零四年六月三十日，本公司的員工數量為4,849人。

11. Employees

As at 30 June 2004, the Company had 4,849 employees.

12、 主營業務分行業、產品情況表

由於本集團的營業額和經營成果主要來自浮法平板玻璃的生產和銷售，因此並沒有提供按業務類型的分部報告。關連人士交易的詳情載於按照中國會計準則及制度編製之中期財務報告註釋35。

12. Principal operations by industries and products

As the Group's turnover and operating results were mainly generated from the manufacture and sales of float sheet glass, no segment report by business type was provided. Details on related party transactions are set out in note 35 to the interim financial report prepared in accordance with the PRC Accounting Rules and Regulations.

分行業或分產品	By Industry or products	主營業務收入 人民幣千元 Income from principal operations *RMB'000*	主營業務成本 人民幣千元 Cost of principal operations *RMB'000*	毛利率(%) Gross margin ratio (%)	主營業務收入比上年同期增減(%) Increase/(decrease) of income from principal operations as compared to the same period last year (%)	主營業務成本比上年同期增減(%) Increase/(decrease) of cost of principal operations as compared to the same period last year (%)	毛利率比上年同期增加(%) Increase of gross margin ratio as compared to the same period last year (%)
平板浮法玻璃	Float sheet glass	531,029	392,961	26.00	37.27	11.74	16.91
其中：關聯交易	Includes: Related party transactions	10,927	8,086	26.00	(38.37)	(49.83)	16.91

關聯交易的定價原則	視同正常客戶按照市場價格定價
關聯交易必要性、持續性的說明	從產品鏈角度，本集團的產品為關聯方的上游產品， 關聯交易有其必要性及持續性

Pricing policy for connected transactions:	Based on market prices available to independent customers
Explanation on necessity and continuity ofrelated party transactions:	These transactions are necessary and of continuity nature, since the products of the Company are upstream products to related parties for the purpose of product chain.

其中：報告期內上市公司向控股股東及其子公司銷售產品的關聯交易總金額為人民幣10,927千元。

During the reporting period, the connected transactions in relation to the sales of products by the Company to controlling shareholders and its subsidiaries amounted to RMB10,927,000.

13、主營業務分地區情況

13. Geographical analysis of principal operations

地區	Regions	主營業務收入 Income from principal operations *人民幣千元* *RMB'000*	主營業務收入比上年同期增減(%) Increase/(decrease) of income from principal operations as compared to the same period last year (%)
國內	PRC	494,252	54.03
出口	Overseas	36,777	(44.25)

14、主營業務盈利能力(毛利率)與上年相比發生重大變化的原因說明

2004年上半年銷售毛利率為26.00%，較上年的14.63%增加11.37%，增幅77.72%，其主要原因是公司抓住玻璃市場啟動的契機，優化營銷政策，加大產品結構調整的力度，增加超薄高附加值產品銷量，使之售價得到了較大幅度的提高。今年上半年1.1超薄玻璃的銷量實現去年全年銷量的90%；產品平均售價的增幅為7.51%。

14. Major changes in percentage of profitability gross profit of principal operations over the previous reporting period and explanations of reasons

In the first half of 2004, the gross profit was 26.00%, representing an increase of 11.37% when compared to the 14.63% of last year. The growth of increase is 77.72%. The main reason for the increase was that the Company optimized sales policy, enhanced the adjustment of product structure and increased the sales volume of high value-added ultra-thin products, which led to the relatively significant increase in prices. In the first half of the year, the sales volume of 1.1mm ultra-thin glass accounted for 90% of the sales volume for the whole of 2003 and the increase of the product's selling price (on average) was 7.51%.

15、利潤構成與上年度相比發生重大變化的原因分析

2004年上半年累計實現淨利潤為人民幣34,088千元，較上年的虧損人民幣342,513千元增利了人民幣376,601千元，主要原因是：(1)由於產品售價的提高，使得主營業務盈利能力較上年增加11.37%；(2)去年計提壞賬準備較多，導致期間費用較本期高人民幣306,815千元；(3)投資收益較去年增加人民幣73,427千元。

15. The analysis of the reasons for the significant changes in the composition of profits as compared with last year

The accumulative net profit realized in the first half of 2004 amounted to RMB34,088,000, representing an achievement of improved performance of RMB376,601,000 as compared with the net loss of RMB342,513,000 last year. The main reasons were: (1) due to the increase in the selling prices of products leading to the increase of 11.37% in the profitability of principle operations; (2) the relatively larger provision of bad debt last year leading to the costs in the period increased by RMB306,815,000 when by compared with the period; and, (3) investment income increased by RMB73,427,000 when compared with last year.

16、參股公司經營情況(適用投資收益佔淨利潤10%以上的情況)

16. Operations of investee companies (applicable to situations where investment revenue accounted for 10% of net profit)

參股公司名稱	Name of investee company	延煉石油化工股份有限公司
本期貢獻的投資收益	Contribution of investment income in the period	3,600千元 RMB3,600,000
佔上市公司淨利潤的比重	Ratio of net profit of the Company	10.56%
經營範圍	Scope of operation	Petroleum 石油
淨利潤	Net profit	61,400千元 RMB61,400,000

17、 **報告期投資情況**

(1) 本公司在報告期內沒有募集資金或以前募集資金的使用延續到報告期的情況。

(2) 報告期內本公司無非募集資金的投資。

18、 **預測年初至下一報告期期末的累計淨利潤可能為虧損或者與上年同期相比發生大幅度變動的警示及原因說明**

本公司預計年初至下一報告期期末的累計淨利潤可能為盈利。

19、 **公司管理層對會計師事務所上年度「非標意見」涉及事項的變化及處理情況的說明**

對會計師事務所上年度「非標意見」涉及事項，公司董事會已作出說明，並採取措施取得了一定成效，報告期內本集團優化產品結構效果已逐步體現，產品毛利增加。

（二）公司二零零四年下半年業務展望

公司下半年面臨的困難和挑戰主要有：

1、 玻璃市場景氣和價格雖有回升迹象，但受流通環節運力制約和下半年新線投產的影響，後市難以預測。

2、 純鹼、硅砂等原燃材料價格仍有上漲迹象，導致玻璃成本升高，利潤空間縮小。

3、 由於電力供應緊張，電價上漲，導致成本升高。

在看到困難和挑戰的同時，也存在著許多利好因素，為我們增加效益提供了難得機遇。

近期玻璃市場有回升迹象，價格呈穩中上升勢頭，預計下半年建築用玻璃市場會呈現前期穩中有升，後期隨著新生產線的投產而由升轉降的趨勢，而高檔浮法玻璃(汽車、電子玻璃)尤其是超薄浮法玻璃市場會保持穩中有升態勢。

17. **Investments in the reporting period**

(1) There had been no use of proceeds during the reporting period nor use of the proceeds commenced before the period which has been extended to the period.

(2) There was no investment financed by funds other than the proceeds in the reporting period.

18. **Warning and explanation of the estimation of the accumulative net profit from the beginning of the year to the end of the next reporting period may be losses or have significant changes when compared with the corresponding period last year**

It is estimated that the accumulative net profit from the beginning of the year to the next reporting period should be a positive figure.

19. **Explanation of the management of the Company on the "non-standard opinion" given by auditors which involved changes of events and its treatment in previous year**

The matters involved in the "non-standard opinion" given by auditors in previous year, the Director of the Company has already made relevant explanation and adopted relevant measures by which effectiveness was achieved. During the reporting period, the effectiveness of the optimisation of product structure has gradually realised with the increase of gross profit of product.

(2) Business outlook for the second half of 2004

The Group expects to face the following problems and challenges:

1. Despite that the float glass market sees a rebound in product prices, business prospect remain difficult to be predicted given the current uncertainties together with the commencement of operation of some new production lines in the second half of the year.

2. Prices of raw materials such as soda ash and silicon sand continued to show an upward trend, which would lead to a higher production cost and less room for making profits.

3. Production cost will also rise due to increased electricity fees caused by tight power supply.

Notwithstanding such difficulties and challenges, we witness many favorable factors that will bring unique opportunities for increasing cost-effectiveness.

With the float glass market recovering and prices showing a steadily growing trend, the market of float glass for construction purpose is expected to show steady growth, however, this will be followed by a downturn because of the start of operation of some new production lines. The market of high-end float glass for automobiles and electronics, especially ultra-thin float glass, will remain stable and on a rise.

圍繞實現利潤最大化，下半年，我們將主要採取以下措施：

一、 加快產品結構調整優化升級步伐，增強競爭優勢，提高適應市場變化的能力；加強生產和成本控制，增加產品利潤空間：

1、提高超薄線系統穩定性，減少超薄玻璃質量波動，鞏固、提高超薄玻璃市場競爭優勢。2、加大一線厚板、薄板的產銷比例，提高產品附加值。3、加大三線在線鍍膜玻璃的產銷量。4、加強生產成本控制，增大利潤空間。5、加強生產管理，提高各線的生產穩定性。6、加強工藝技術系統分析研究工作，為穩定生產、全面提高產品質量奠定基礎。

二、 以經濟效益最大化為目標，搞好市場走勢預測，積極採取措施應對市場變化，加大高附加值產品的銷量：

1、加大超厚、超薄和在線鍍膜玻璃的促銷和市場開拓。2、逐步提高重點用戶產品直銷比例，減少中間環節3、做好本部與各子公司的產品銷售協作。4、抓好玻璃出口業務，力爭出口量比上半年有較大增幅。5、加大市場走勢預測，制訂玻璃市場發生突變的緊急應對舉措。

三、 加強各項專業管理，加快改革改制工作進度：

1、加強各項專業管理，提高整體管理水平。2、加強物資採購管理，積極消化各種減利因素。3、加強子公司的管理與服務。4、加快改革改制推進，提高企業內部活力。5、建立有效的激勵機制，拉大主業與輔業、主要崗位與輔助崗位的收入差距，使分配機制更加合理。

To achieve maximum profits, we will implement the following measures in the second half of 2004:

1. Accelerating the modification of product mix to sharpen the Company's competitive edge and its ability to embrace new market trends; strengthening production and cost controls to expand the room for generating profits:

   1) Securing stable production of ultra-thin glass to maintain product quality and consolidate its competitiveness; 2) expanding the weighting of thick sheets and thin sheets of production line No. 1 in the Company's production and sales to raise their value; 3) increasing output and sales volume of coated glass of production line No. 3; 4) strengthening production cost control to achieve ample room for profits; 5) upgrading production management to raise production stability; 6) beefing up systematic analysis and research on technological improvement to lay a solid foundation for securing output and raising product quality.

2. With the objective of maximizing cost-effectiveness, the Company endeavors to improve market forecast and take measures to embrace emerging trends and increase sales volume of high value-added products:

   1) Promoting the sales of and developing markets for ultra-thick glass, ultra-thin glass and coated glass; 2) expanding the direct sales of core user products step-by-step to reduce the number of intermediaries; 3) improving coordination between the Company and its subsidiaries in terms of product sales; 4) stepping up efforts to expand export of float glass to realize a larger growth in export volume in the second half of the year; 5) upgrading market forecasts to formulate contingency plans in response to potential risks.

3. Strengthening specialized management to expedite corporate reform and restructure of system:

   1) Strengthening various specialized management tasks to raise the standard of corporate governance; 2) tightening control over procurement of materials to get rid of profit-making hindrances; 3) improving the quality of management of and services offered by the subsidiaries; 4) pushing organizational reform forward to enhance internal mobility; 5) setting up an effective motivation mechanism to rationalize the work allocation system by highlighting the varied income-generating capabilities between principal and ancillary businesses, and key support roles.