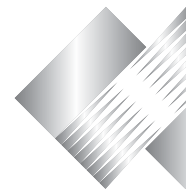


# Financial and Business Summary



## 1. The results of Luoyang Glass Company Limited (the “Company”) and its subsidiaries (the “Group”) for the current year prepared under the PRC Accounting Rules and Regulations are as follows:

	2004 RMB'000	2003 RMB'000
Total profit / (loss)	57,332	(340,218)
Net profit / (loss)	46,102	(342,513)
Net profit / (loss) before non-recurring items	33,323	(338,274)
Profit from principal operations	258,929	140,146
Other operating profit	12,191	931
Operating profit / (loss)	42,031	(269,219)
Investment income / (loss)	3,119	(69,055)
Subsidy income	5,353	—
Non-operating net profit / (loss)	6,829	(1,944)
Net cash inflow from operating activities	154,457	120,242
Net increase/(decrease) in cash and cash equivalent	137,892	(48,311)

Items of non-recurring profit and loss	2004 RMB'000
Designated loan interest income	597
Subsidy income	5,353
Non-operating income	8,825
Non-operating expenses	(1,996)

## 2. Major financial data and financial indicators for the previous three years of the Group

### (1) Prepared in accordance with the PRC Accounting Rules and Regulations (for the year ended 31 December)

	2004 RMB'000	2003 RMB'000	2002 RMB'000
Income from principal operations	1,133,886	978,846	825,194
Net profit / (loss)	46,102	(342,513)	(344,691)
Total assets	2,184,140	2,323,655	2,835,698
Shareholders' funds (excluding minority interests)	935,562	875,920	1,218,037
Profit / (loss) per share (diluted)	0.07	(0.49)	(0.49)
Profit / (loss) per share (weighted)	0.07	(0.49)	(0.49)
Net assets per share (diluted) (Yuan)	1.34	1.25	1.74
Adjusted net assets per share (Yuan)	0.88	0.61	0.81
Profit / (loss) return on net assets (%) (diluted)	4.93	(39.10)	(28.30)
Profit / (loss) return on net assets (%) (weighted)	4.93	(39.10)	(28.30)
Cash flow from operating activities per share (Yuan)	0.22	0.17	0.04

### (2) Return on net assets and earnings per share calculated as required by “No.9 Document of Regulations of Information Disclosure for Public Companies” issued by China Securities Regulatory Commission:

#### 2004

##### Profit during the reporting period

	Return on net asset Fully dilluted %	Weighted average %	Earnings per share Fully dilluted RMB	Weighted average RMB
Profit from principal operations	27.68	27.68	0.37	0.37
Operating loss	4.49	4.49	0.06	0.06
Net loss	4.93	4.93	0.07	0.07
Net profit after non-recurring items	3.56	3.56	0.05	0.05

#### 2003

##### Profit / (loss) during the reporting period

	Return on net asset Fully dilluted %	Weighted average %	Earnings/(loss) per share Fully dilluted RMB	Weighted average RMB
Profit from principal operations	16	16	0.20	0.20
Operating loss	(30.74)	(30.74)	(0.38)	(0.38)
Net loss	(39.10)	(39.10)	(0.49)	(0.49)
Net loss after non-recurring items	(38.62)	(38.62)	(0.48)	(0.48)

# Financial and Business Summary *(Continued)*



## 2. Major financial data and financial indicators for the previous three years of the Group *(continued)*

### (3) Changes in shareholders' equity during the year (prepared under the PRC Accounting Rules and Regulations)

Items	Share capital Shares'000	Capital reserve RMB'000	Surplus reserves RMB'000	Accumulated deficit RMB'000	Total shareholders' funds RMB'000
Balance at the beginning of the period	700,000	970,528	224,074	(1,018,682)	875,920
Increase during the period	—	13,540	1,077	46,102	60,719
Decrease during the period	—	—	—	(1,077)	(1,077)
Balance at the end of the period	700,000	984,068	225,151	(973,657)	935,562

Reason for changes:

1. Change of accumulated deficit during the reporting year is the result of an increase in profit of RMB46.10 million for the reporting period and a transfer of RMB1.08 million to the surplus reserve.

### (4) Prepared under International Financial Reporting Standards ("IFRS") (for the year ended 31 December)

	2004 RMB'000	2003 RMB'000	2002 RMB'000
Turnover	1,128,554	975,816	822,804
Profit / (loss) attributable to shareholders after taxation	61,740	(340,021)	(342,449)
Total assets	2,097,603	2,234,918	2,746,358
Shareholders' equity (excluding minority interests)	851,216	789,476	1,129,497
Profit / (loss) per share (basic and diluted) (Yuan)	0.09	(0.49)	(0.49)
Net assets per share (Yuan)	1.22	1.13	1.61
Net asset return / (loss) on net assets (%)	7.25	(43.07)	(30.32)

Note: The profits and other financial indicators are calculated based on the number of shares of 700,000,000.

## 3. Please refer to the Financial Report in this annual report for major differences between financial statements of the Group and the Company prepared under the PRC Accounting Rules and Regulations and IFRS.