

註：

- (1) 除上述披露外截至二零零五年六月三十日止，本公司各董事、監事或高級管理人員在本公司或其任何相關法團（定義見《證券及期貨條例》（香港法例第571章）第XV部分）的股份、股本衍生工具中的相關股份或債權證中概無任何根據《證券及期貨條例》第352條規定須存置之披露權益登記冊之權益或淡倉；或根據《上市公司董事進行證券交易的標準守則》所規定的需要通知本公司和香港聯合交易所有限公司。
- (2) 於二零零五年六月三十日，本公司未授予本公司董事、監事或其配偶或十八歲以下子女認購本公司或其任何相關法團的股份或債權證的任何權利。

#### 四、管理層討論與分析

##### (1) 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，由於受國家宏觀經濟調整政策的影響，國內投資增速明顯減緩，尤其是國家平抑房地產價格上漲過快等一系列政策的高密度出臺，使玻璃行業遭遇到政策寒流的嚴重侵襲，加上新建浮法線相繼投產並低價衝擊市場，導致本已相當不景氣的玻璃市場更是雪上加霜，產品售價快速下滑；與玻璃市場形成鮮明對比的是各種原燃材料的持續漲價，重油受國際油價屢創新高和國內減少產能雙重因素影響，售價一直在高位運行，並且仍然處於上漲週期，純鹼價格雖有震盪，但仍在高位運行，與此同時，水、電、硅砂價格也出現不同幅度地上漲，這些因素共同作用，導致公司上半年產品製造成本較計劃和去年同期均出現較大幅度上升。另外，報告期內我們還遭遇了5.12停電事故，直接導致浮法玻璃廠停產一個多月，浮法玻璃廠一線、二線生產受到影響。在如此困難的局面下，公司加強各項專業管理工作，努力降低成本費用，提高管理效益，按照市場需要，加大產品結構調整，努力生產適銷對路產品。克服「5.12停電」事故的不利影響，全力開展生產自救。為企業最大限度地挽回了經濟損失。同時，加大行銷機制改革力度，大力開發新的市場。使公司保持了好的發展勢頭實現利潤人民幣10,084千元。

Note:

- (1) Save as disclosed above, as at 30 June 2005, none of the Directors, Supervisors and senior management of the Company had any interest nor short position in the underlying shares or debentures in the shares, equity derivatives of the Company or its associated corporations (within the meaning as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Hong Kong Ordinance)) which was required to be entered in the register of interest maintained by the Company pursuant to section 352 of the Securities and Futures Ordinance; or required to be notified to the Company or the Stock Exchange pursuant to the Model Code on Securities Transactions by Directors of Listed Issuers.
- (2) As at 30 June 2005, the Company did not grant the Company's Directors, Supervisors or their spouses or children under 18 with any right to subscribe for the shares or debentures of the Company or any of its associated corporations.

#### 4. MANAGEMENT DISCUSSION AND ANALYSIS

##### (I) Review of operations during the first half of 2005

###### 1. Market condition and measures taken:

The Company is the place of origin for one of three major float glass production methods "Luoyang Float Glass". With six production lines of float glass, it is one of the largest producer and distributor of float glass in the PRC.

During the period, the growth rate of domestic investment slowed down noticeably due to the State's macro-economic policies. Especially, a barrage of regulations including the control over the upsurging real estate prices affected the glass industry materially. The sluggish glass market was even worsened by the on-streaming of new float production lines penetrating into market with lower prices, leading to a slump in product selling prices. In contrast, prices of raw materials kept rising. Selling prices of heavy oil maintained high and is still climbing as jointly driven by the new highs of international oil price and the shrinking domestic production capability. The volatile soda price also kept high. In addition, prices of water, electricity and silicon sand rose to different extents. As a result, manufacturing cost of the Company's products increased considerably during the first half of 2005 over the corresponding period last year. In addition, we were caught in a power failure accident on 12 May during the period, which led to a one-month production suspension of float plating plants. Lines No. 1 and 2 of float glass plants were also affected. Facing such difficulties, the Company strengthened specialized management and took efforts in cost reduction for higher management efficiency. Meanwhile, the Company deepened market-oriented product restructuring to manufacture marketable products. A self-helping production programme was carried out to overcome the adverse impact from the power failure on 12 May. As such, the economic loss was recovered to the best extent. Also, the Company put more effort in rebuilding marketing system to develop new markets. Therefore, the Company maintained the developing momentum and recorded a profit of RMB10,084,000.



**2. 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12.23%左右。

**3. 流動資金及資本來源(按照《國際財務報告準則》)**

截至二零零五年六月三十日止本集團現金及現金等價物為人民幣267,563千元，其中美金存款為人民幣45,234千元(二零零四年：美金存款為人民幣714千元)、港幣存款人民幣104千元(二零零四年：港幣存款為人民幣104千元)，與二零零四年底的人民幣130,039千元比較，共增加了人民幣137,524千元。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. 借款(按照《國際財務報告準則》)**

截至二零零五年六月三十日，本集團總借款金額為人民幣887,413千元，其中人民幣8,819千元為外幣借款(原幣為歐元782千元)，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。截至二零零五年六月三十日，本集團的債務比率(所有借款除以母公司權益持有人應佔權益)為103.6%，比二零零四年減少0.2%。

**5. 資本承擔**

本集團於二零零五年六月三十日有人民幣186,174千元的資本承擔，主要為本集團的建設工程款和採購設備款。

**6. 本期資本負債比率(總負債除以母公司權益持有人應佔權益)為147.28%；上年資本負債比率為138.5%(按照《國際財務報告準則》)。**

**7. 本集團之資產抵押**

於二零零五年六月三十日，本集團有價值約為人民幣92,121千元(二零零四年十二月三十一日為：人民幣83,000千元)的銀行存款作為應付票據、短期借款的抵押。

**8. 或有負債**

於二零零五年六月三十日，本集團無或有負債。

**2. Market share of major 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 12.23% of the turnover of the Group.

**3. Liquidity and source of capital (under IFRS)**

As at 30 June 2005, the Group had cash and cash equivalents of RMB267,563,000, including US dollar deposits of RMB45,234,000 (as at 31 December 2004: RMB714,000) and HK dollar deposits of RMB104,000 (31 December 2004: RMB104,000), representing an increase of RMB137,524,000 from RMB130,039,000 as at the end of 2004. Net cash outflow generated from operating activities was used to finance borrowing and investment activities.

**4. Loans (prepared under IFRS)**

As at 30 June 2005, the total loans due from the Group were RMB887,413,000, including a foreign currency loan of RMB8,819,000, (original amount: Euro 782,000). All loans bear interest rates based on floating rates determined by Organisation for Economic Co-operation and Development and China statutory current assets loan interest rate from time to time. The Group did not contract for any financial instrument as hedging vehicle. As at 30 June 2005, debts to equity ratio of the Group was 103.6% (which is calculated by dividing total loans over total equity attributable to equity holders of the parent), down by 0.2% as compared to that as at 31 December 2004.

**5. Capital commitment**

The Group's capital commitment as at 30 June 2005 was RMB186,174,000 which was mainly used to finance the Group's construction projects and for purchase of equipment.

**6. The gearing ratio for the current period was 147.28% while that of last year was 138.5% (prepared in accordance with IFRSs).**

**7. Pledge of assets of the Group**

As at 30 June 2005, the Group has pledged its bank deposits of RMB92,121,000 (31 December 2004: RMB83,000,000) for bills payables and short term loans.

**8. Contingent liability**

As at 30 June 2005, the Group had no contingent liability.



## 9. 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38。

分行業或分產品	By Industry or products	主營 業務收入	主營 業務成本	毛利率(%)	主營業務 收入比上年 同期減少(%)	主營業務 成本比上年 同期增減(%)	毛利率比 上年同期 減少(%)
		Income from principal operations	Cost of principal operations	Gross margin ratio (%)	Decrease of income from principal operations as compared with the corresponding period last year (%)	Increase/ (decrease) of cost of principal operations as compared with the corresponding period last year (%)	Decrease of gross profit margin as compared with the corresponding period last year (%)
平板浮法玻璃	Float sheet glass	512,903	426,698	16.81	(3.41)	8.59	(9.19)
其中：關聯交易	Of which: connected transactions	8,728	7,261	16.81	(20.12)	(10.20)	(9.19)
關聯交易的 定價原則	視同正常客戶按照市場價格定價			Pricing policy for connected transactions	Based on market prices available for ordinary customers		
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			Explanation on necessity and continuity of connected transactions	From the perspective of product chain, these transactions are necessary and ongoing, since products of the Company are upstream products to connected parties.		
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8,728千元。				During the period, the connected transaction in relation to the sale of products and provision of services by the Company to its controlling shareholders and its subsidiaries amounted to RMB8,728,000.			



10. 主營業務分地區情況

地區	Region	主營業務收入	主營業務收入 比上年同期增減(%)
		Income from principal operations 人民幣千元 RMB'000	Increase/(decrease) of income from principal operations as compared with the corresponding period last year
國內	Domestic	450,181	(8.92)
出口	Overseas	62,722	70.55

11. 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

2005年上半年銷售毛利率為16.81%，較上年的26%下降9.19%，降幅35.35%，其主要原因是國家平抑房地產價格上漲過快等一系列政策的出臺，使玻璃行業遭到一定影響，加上新建浮法線相繼投產並低價衝擊市場，導致產品售價下滑；同時各種原燃材料的持續漲價，導致產品成本持續上升。

12. 利潤構成與上年度相比發生重大變化的原因分析

2005年上半年累計實現淨利潤為人民幣3,414千元，較上年的盈利人民幣34,088千元減少了人民幣30,674千元，主要原因是：(1) 由於產品售價的降低，使得主營業務盈利能力較上年下降37.69%；(2) 投資收益由去年的4,372千元，減少到損失人民幣9,803千元。

13. 參股公司經營情況(適用投資收益佔淨利潤10%以上的情况)

參股公司名稱	Name of investee company	延煉石油化工有限公司 Yanlian Petroleum and Chemicals Company Limited
本期貢獻的投資收益	Contribution of investment income in the period	RMB3,600,000
佔上市公司淨利潤的比重	Ratio of net profit of the Company	105.45%
經營範圍	Scope of operation	石油 Petroleum
淨利潤	Net profit	RMB122,787,000

10. Principal operations in different regions

11. Major changes in profitability (gross profit margin) of principal operations as compared with that of last year and the reasons

In the first half of 2005, the gross profit margin was 16.81%, representing a decrease of 9.19 percentage points, or 35.35%, when compared to the 26% of last year. This was mainly attributable to the decline in selling prices due to the introduction of series of policies including the control over the upsurging real estate price which imposed certain impact on the glass industry, coupled with the on-streaming of new float glass production lines penetrating into market with lower prices. At the same time, the rising prices of raw materials resulted in continuing increase in cost of products.

12. 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 2005 amounted to RMB3,414,000, representing a decrease of RMB30,674,000 as compared with RMB34,088,000 last year. This was mainly attributable to (1) the decrease of 37.69% in gross profit margin of principal operations as a result of decline in selling prices of products; (2) the loss of RMB9,803,000 on investment as compared with investment income of RMB4,372,000 for last year.

13. Operations of investee companies (applicable to situations where investment income from which represents 10% or more of the net profit)



#### 14. 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) 報告期內本公司非募集資金投資項目

本公司於2005年5月26日召開了董事會議，決定與控股股東中國洛陽浮法玻璃集團有限責任公司(以下簡稱“洛玻集團公司”)合資組建洛陽龍海電子玻璃有限公司(以下簡稱“龍海”)及洛玻集團洛陽龍昊玻璃有限公司(以下簡稱“龍昊”)，並簽署有關協議，龍海將從事(其中包括)超薄浮法玻璃的生產及銷售，及與玻璃相關產品的原材料加工；而龍昊將從事一般浮法玻璃產品的生產和銷售，及提供相關諮詢及技術支援服務。

龍海的註冊資本為人民幣60,000千元，其中本公司將出資人民幣48,000千元，佔龍海註冊資本約80%，洛玻集團公司將出資人民幣12,000千元，佔龍海註冊資本約20%。龍海項目的預計總投資額為人民幣300,000千元。

龍昊的註冊資本為人民幣50,000千元，其中本公司將出資人民幣40,000千元，佔龍昊註冊資本約80%，洛玻集團公司將出資人民幣10,000千元，佔龍昊註冊資本約20%。龍昊項目的預計總投資額為人民幣250,000千元。

#### 15. 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

由於市場競爭激烈，產品的售價有所下降，同時由於原燃料的漲價，導致成本上升較高。本公司預計年初至下一報告期期末的累計淨利潤比去年同期相比下降50%以上。

#### 16. 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，報告期內，公司董事會已採取措施取得了一定成效，公司董事會已採取措施取得了一定成效，雖然產品售價下降，成本提高，但本公司報告期內仍保持盈利。

#### 14. Investment during the reporting period

- (1) The Company has not raised any fund during the period, nor raised any fund in the previous period and its use subsisted in the reporting period.
- (2) Non-raised fund investment project of the Company during the reporting period.

As at the meeting of the Board held by the Company on 26 May 2005, the formation of joint ventures, Luoyang Long Hai Electronic Glass Limited (“Long Hai”) and CLFG Group Long Hao Glass Limited (“Long Hao”), with controlling shareholder China Luoyang Float-Glass (Group) Company Limited (“CLFG”), was considered and passed. The relevant agreements were signed, inter alia, Long Hai will engage in the production and sale of ultra-thin glass and the processing of raw materials for the production of glass related products and Long Hao will engage in the production and sale of float glass and the provision of related consultancy and technical support services.

The registered capital of Long Hai is RMB60 million, of which RMB48 million, constituting approximately 80% thereof, will be contributed by the Company and RMB12 million, constituting approximately 20% of the registered capital thereof, will be contributed by CLFG. The total investment for Long Hai Project is currently estimated to an amount of RMB300 million.

The registered capital of Long Hao is RMB50 million, of which RMB40 million, constituting approximately 80% of the registered capital thereof, will be contributed by the Company and RMB10 million, constituting approximately 20% thereof, will be contributed by CLFG. The total investment for Long Hao Project is currently estimated to an amount RMB250 million.

#### 15. Warning and explanation of any estimated loss in retained profit from the beginning of the year to the end of the next reporting period or significant changes from the corresponding period last year

In view of the decreased selling prices of products as a result of fierce market competitions together with the noticeable increase in cost, the Company estimates that the retained profit from the beginning of the year to the end of the next period may decrease by more than 50% as compared with the corresponding period last year.

#### 16. 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. Although the selling price of products decreased while costs increased, the Company was able to maintain its profit during the reporting period.





## 17. 員工狀況

截止二零零五年六月三十日，本集團的員工數量為4,627人，其中生產人員3,099人，銷售人員224人，技術人員358人，財務人員98人，行政人員698人，其他人員150人，本公司員工中，本科以上學歷370人，佔員工人數的7.9%，大專1,444人，佔員工人數的31.2%。

## (二) 集團二零零五年下半年業務展望

### 一、 不利因素：

- 1、房地產投資規模的增速放緩，直接決定玻璃需求量下降。2、玻璃行業新增產能過快，競爭將更加激烈。今年上半年，國內9條新建生產線投產，新增產能3000萬重箱，預計下半年還將有十幾條新線投產，新線建設過於集中，新增能力增長過快將進一步加劇下半年玻璃市場競爭。尤其是新建生產線多數定位於低成本浮法線，因此低價衝擊市場很難避免。3、各種原燃材料價格仍然處於高位運行，玻璃生產成本居高不下。

### 二、 有利因素

- 1、宏觀經濟環境依然看好。國家宏觀經濟增長雖然放緩，但仍將按照較快速度增長，每年竣工十幾億平方米的建築住宅，汽車行業快速增長的行情，都給玻璃行業展現出巨大的發展前景和機遇。2、中部崛起給我們帶來了市場機遇。國家統計局發佈的統計數字顯示，今年第一季度，受中部崛起政策的影響，中部地區房地產開發投資增長改變了去年的回落趨勢，房地產開發投資增幅超過了去年上半年的高峰水平。中西部地區成為現實的市場需求。尤其是隨著越來越多的加工玻璃被廣泛使用，市場需求的潛力正在不斷被開發。3、公司內部正在蓄積更多的優勢，這將提高產品競爭力，提升公司盈利能力。一是我們完成了浮法鍍膜廠恢復生產工作，使日生產能力提高，尤其是燃料油的使用將大大降低製造成本；二是浮法玻璃廠二線、八達公司燃料油替代重油正在抓緊實施，這將有助於降低其生產成本，提高產品競爭力；三是產品結構調整逐步到位，0.7mm超薄玻璃商品化已經初步成功，19mm超厚玻璃也實現了批量銷售。

## 17. Employees

As at 30 June 2005, the Company had 4,627 employees, of which 3,099 are production workers, 244 are sales personnel, 358 are technicians, 98 are financial personnel, 698 are administrative personnel and 150 are other staff members. Among them, 370 employees graduated from colleges or universities, representing 7.9% of the staff 1,444 employees graduated from professional training colleges, representing 31.2% of the staff.

## (2) Business prospects for the second half of 2005

### 1. Adverse factors

1. The slowdown in the increase in investment of property had directly led to the decrease of glass demand. 2. The rapid increase in additional production capacity of glass industry led to keener competition. For the first half of this year, nine newly established domestic production line operated with additional production capacity of 30 million weighted cases. It was expected there will be 10 or more new production lines operated in the second half of the year. As construction of new production lines were over-focused, over additional productivity will further enhance the market competition of glass. Especially for those new production lines which mostly located in low cost floating line, it was unavoidable for low cost product impacting the market. 3. Price of raw material still stood high and thus production cost of glass still high.

### 2. Favourable factors

1. The environment of macro-economic still kept optimistic. Although the growth in domestic macro-economic slowed down, it still recorded rapid growth, there will be more than a billion square meters of housing property completed annually. The rapid increase of automobile industry had brought tremendous development prospect and opportunity to the glass industry. 2. The rise of middle region had opened up market opportunity for us. The statistical figure issued by the State Statistics Bureau revealed that for the first quarter of the year, as affected by the policy for middle region, investment for the development in housing property had changed the declining trend of last year, the increase in the investment of housing property had exceeded that of the peak of the first half of last year. Middle and western region had become the actual market demand. Moreover, as processing glass had been used extensively, the potential of market demand had been continuously cultivated. 3. The Company is currently accumulated more advantages internally so as to enhance the compatibility of products and profitability of the Company. Firstly, the recovery in operation of float plating plant has resulted in the increase in productivity. Production cost had decreased due to the use of fuel oil. Secondly, the Company has implemented with efforts for the second line of floating glass plant and the substitution heavy oil by fuel oil of Bada Company. Production cost will be lowered and product compatibility will then be enhanced. Thirdly, the adjustment for product mix will be gradually in position. Commoditization of 0.7mm ultra thin glass had preliminary succeeded and 19mm extra thick glass has realized sales in approved volume.



### 三、 採取措施：

- 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、 根據市場需要，加快產品品種調整，提高盈利產品的生產能力。3、 加強生產組織，確保各線穩定、優質、高產。4、 加強營銷策劃，適應更加激烈的市場競爭。同時積極開拓國際市場。5、 加快新建浮法線投產前的各項準備工作，確保新建浮法線按期順利投產。6、 按照新的工藝方法，加快完成八達公司、浮法玻璃廠二線燃料油替代重油工作，爭取使燃料油早日投入生產應用。

### 五、 重要事項

- (一) 公司嚴格按照《公司法》、《證券法》和其他有關法律法規的有求，不斷完善公司治理，建立和修訂了一系列規範運作的制度，基本符合中國證監會發佈的有關上市公司治理的規範性文件的要求。

### 3. Facilities adopted

1. The steadiness of ultra thin system has enhanced so that fluctuation of quality of ultra thin glass had minimized, the trend of market competition of ultra thin glass has enhanced and consolidated. 2. The adjustment in product varieties had been hastened and productivity of profit making products had increased in accordance with market needs. 3. Production organization had been strengthened so that the steadiness, quality and high-productivity of various lines could be reinforced. 4. Sales strategy was enhanced in order to adapt to keen market competition and international market was developed proactively. 5. Various preparation works before commencement of operation for newly established floating glass line had been hastened to ensure the smooth operation of production line of new floating glass. 6. Under the new technology method, the works of Bada Company and the substitution of heavy oil by fuel oil of floating glass plant II will be completed sooner. In addition, the Company will strive for earlier production application for fuel oil.

### 5. SIGNIFICANT EVENTS

- (1) The Company strictly abides by the Company Law, the Securities Law, relevant laws and regulations to continuously improve its corporate governance and set up and modify a series of systems governing its operations, which comply with the requirements of the Corporate Governance Standards for Listed Companies issued by China Securities Regulatory Commission.

