

Dear Shareholders:-

On behalf of the board (the "Board") of directors (the "Directors") of Xinyi Glass Holdings Limited (the "Company"), I am pleased to announce the full-year consolidated audited results of the Company for the financial year ended 31 December 2004. During the financial year, our turnover recorded approximately HK\$1,028.3 million, representing an increase of approximately 28.4 per cent., as compared with the financial year 2003. The net profit for the financial year 2004 was approximately HK\$235.8 million, representing an increase of approximately 27.2 per cent., as compared with the financial year 2003. The net profit exceeded the profit estimate stated in the Company's prospectus (the "Prospectus") issued on 24 January 2005.

In order to share our satisfactory results with all of you, a final dividend of 5.0 HK cents per ordinary share (the "Share") will be proposed at the forthcoming annual general meeting (the "Annual General Meeting") for your approval. This level of proposed final dividend is consistent with our annual dividend policy stated in the Prospectus, albeit the fact that the Shares of the Company were first listed on the main board (the "Main Board") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 3 February 2005.

A YEAR OF SUCCESS WITH IMPRESSIVE GROWTH

The financial year 2004 was important to us. On the corporate level, we devoted time and resources for the preparation of the listing of our Shares on the Main Board. The initial public offering of the Shares was successfully launched on 24 January 2005, which received strong demands from both institutional and retail investors in Hong Kong and other countries. As a result of the strong demands, we raised gross proceeds of an aggregate of approximately HK\$835.9 million, following the exercise of an over-allotment option granted to the underwriters as part of the initial public offering. Particulars of the use of net proceeds of the initial public offering are set forth in the "Management's Discussion and Analysis" in this report.

On the business side, we enjoyed impressive growth during the financial year. Our turnover increased by approximately 28.4 per cent. to approximately HK\$1,028.3 million. This was principally attributable to the strong growth in the sales of automobile glass products which was benefited from the strong economic growth in the People's Republic of China (the "PRC") and the fact that the PRC is a principal production base of certain automobile parts and components. We also developed new business cooperation relationships with leading international brands of automobile glass products, producing for them different kinds of automobile glass products.

Our construction glass business also experienced a strong growth, with turnover increased by approximately 14.4 per cent. to approximately HK\$303.0 million. This was a result of our intensive marketing activities, quality construction glass products and comprehensive services in light of the fast-growing construction industry in the PRC. We are optimistic that our construction glass business will continue to grow at a fast pace.

OUR FUTURE DEVELOPMENT PLANS ARE IN PROGRESS

We outlined in the Prospectus the roadmap of our future business plans. All of these business plans are in progress and are expected to have no material deviation or delay. Our float glass production lines at our Dongguan Production Complex are under construction, and we target the operation to be commenced in the fourth quarter of the year 2005. The production facilities of our automobile rubber and plastic components at our Shenzhen Production Complex have already been expanded, and the three new production lines for aftermarket automobile glass products at the same location have already commenced their commercial production, as outlined in the Prospectus.

Our Wuhu Production Complex commenced commercial production in March 2005, the products of which are currently and principally for domestic sales in the PRC automobile glass market. With the continuous economic development, we are very optimistic on the PRC automobile glass market and we will expand our sales of automobile glass and parts in the PRC. Our business strategy in domestic sales will target on automobile manufacturers in order to capture the lucrative business opportunities.

OUR BUSINESS STRATEGIES DRIVE US TO FUTURE GROWTH

According to the CTI Report, we are the largest Chinese exporter of automobile glass products in 2004 in terms of export volume. With such leading position, our business strategies are to maintain a dedicated balance between export sales and domestic sales in the PRC, in order to capture the business opportunities in both markets. Our export sales amounted to approximately HK\$598.0 million during the financial year, representing a strong growth of approximately 36.2 per cent., as compared with the financial year 2003. Our domestic sales in the PRC also grew to approximately HK\$430.3 million, representing an increase of approximately 19.0 per cent., as compared with the financial year 2003.

Apart from the PRC, the U.S. continued to be our principal overseas market, the sales to which represented approximately 38.7 per cent. of our total export sales. Sales to the European countries also recorded an exciting growth of approximately 215.5 per cent. to approximately HK\$57.2 million. Our strategy is to continue to expand the breadth and depth of the business relationships with the leading international brands of automobile glass products.

Following the commencement of commercial operation of our Dongguan Production Complex and our Wuhu Production Complex, the production processes of different kinds of glass products are now being more rationalised amongst different production facilities. Such re-allocation will benefit our further business development by promoting specialisation and full utilisation of the plant and machinery; ease of transportation and proximity of the source of materials. These arrangements are also expected to create synergy between our three production complexes and our business presence in Hong Kong and the U.S.

Vertical integration of the production process is always one of our business strategies to increase our production efficiency. The float glass production lines under construction will enable us to have direct control over the quality of our principal raw materials, and hence our production costs, which will have direct impact on our production efficiency. We will continue to explore methods and opportunities to further improve our production efficiency in order to maintain our competitive niche in this aspect.

INDUSTRY DEMANDS REMAIN STRONG WHICH FACILITATE OUR GROWTH

We see the automobile industry and the construction industry in the PRC will continue to grow. This view is principally based on the continuous economic development in the PRC and the rising living standards amongst Chinese. The continuous growth in the two industries will drive the growth in the industries we operate, which will benefit us as a leading player. We also see the demand for automobile glass products from overseas markets to soar, principally because of the fact that the PRC is becoming a world production centre for industrial products. Under this favorable operating environment, we will continue to implement our business strategies and strive to maintain our leading position in the automobile glass industry, upon which we can leverage to expand the market share in our target markets.

CONCLUDING REMARKS

As my closing remarks, I am confident on our future business development. I would like to take this opportunity to thank all my fellow members of the Board and all of you for the continuous and strong support during the financial year. I would also like to thank all members of our senior management team, our staff, our business partners and our customers for their invaluable contribution to our success during the financial year. We will continue to identify and capitalise on business opportunities.

LEE Yin Yee

Chairman

22 April 2005