1 GROUP REORGANISATION AND BASIS OF PREPARATION

Xinyi Glass Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 25 June 2004 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Cayman Companies Law**").

Pursuant to a group reorganisation, which was completed on 30 December 2004 (the "**Reorganisation**"), the Company became the holding company of the companies now comprising the group. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 3 February 2005 (the "**Listing Date**").Further details of the Reorganisation are set out in the prospectus of the Company dated 24 January 2005

The Reorganisation involved companies under common control and therefore the Company and its subsidiaries (the "**Group**") resulting from the Reorganisation are regarded as a continuing group. Accordingly, the Reorganisation has been accounted for using merger accounting in accordance with the Hong Kong Statement of Standard Accounting Practice ("**SSAP**") 2.127 "Accounting for group reconstructions" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Under which the Group's consolidated accounts for the year ended 31 December 2004, including the comparative figures, have been prepared as if the Company had been the holding company of the Group throughout the year presented except for the acquisition of additional 10% of Xinyi Curtain Wall Decorative Engineering (Shenzhen) Co., Ltd. which was accounted for using acquisition accounting since the effective date of acquisition.

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by HKICPA.They have been prepared under the historical cost convention.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("**new HKFRSs**") which are effective for accounting periods beginning on or after 1 January 2005.The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these accounts are set out below.

(A) GROUP ACCOUNTING

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31 December.

Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power; has the power to govern the financial and operating policies; to appoint or remove the majority of the members of the board of directors; or to cast majority of votes at the meetings of the board of directors.The particulars of the principal subsidiaries now comprising the Group are set out in note 31 to the accounts.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill or negative goodwill and any related accumulated foreign currency translation reserve.

All significant inter-company transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses.The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(B) FIXED ASSETS

(i) Construction in progress

Construction in progress represents buildings, plant and machinery on which construction work has not been completed and which, upon completion, management intends to hold for production purposes.Construction in progress is carried at costs which include development and construction expenditure incurred and interest and other direct costs attributable to the development less any accumulated impairment losses. On completion, constructions in progress are transferred to other fixed assets at cost less accumulated impairment losses.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(B) FIXED ASSETS *(Continued)*

(ii) Other fixed assets

Other fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Leasehold land is depreciated over the year of respective leases while land use rights are amortised on a straight-line basis over the term of the land use year. The remaining fixed assets are depreciated at rates sufficient to write off their costs less accumulated impairment losses over their estimated useful lives and where appropriate, to their respective residual values estimated by the directors on a straight line basis.The estimated useful lives of other fixed assets are summarised as follows:

Buildings	20 years
Plant and machinery	5 to 10 years
Office equipment	3 to 7 years

Costs incurred in restoring fixed assets to their normal working condition to allow continued use of the overall assets are charged to the consolidated profit and loss accounts.Improvements are capitalised and depreciated over their expected useful lives to the Group.

(iii) Impairment and gain or loss on sale

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that fixed assets are impaired.If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount.Such impairment losses are recognised in the consolidated profit and loss accounts.

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated profit and loss accounts.

(C) INVESTMENT SECURITIES

Investment securities are stated at cost less any provision for impairment losses.

The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such securities will be reduced to its fair value. The impairment loss is recognised as an expense in the consolidated profit and loss account. This impairment loss is written back to the consolidated profit and loss account when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(D) INVENTORIES

Inventories comprise raw materials, work in progress and finished goods and are stated at the lower of cost and net realisable value.Cost, calculated on the weighted average basis, comprises materials, direct labour and an appropriate proportion of all production overhead expenditure.Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(E) CONSTRUCTION CONTRACTS IN PROGRESS

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised when incurred.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the year of the contract, respectively, as revenues and expenses.The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in a given year; the stage of completion is measured by reference to the percentage of contract costs incurred to date to total estimated contract costs for the contract.When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the year in which they are incurred.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as due from customers on construction contracts, under current assets. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on construction contracts, under current liabilities.

(F) ACCOUNTS RECEIVABLE

Provision is made against accounts receivable to the extent they are considered to be doubtful.Accounts receivable in the consolidated balance sheets are stated net of such provision.

(G) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks less pledged bank deposits and bank overdrafts.

(H) PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(I) REVENUE RECOGNITION

Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Accounting policy for recognition of construction contract revenue is set out in note 2(e) above.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Rental income is recognised on a straight-line basis over the lease periods.

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Accounting policy for recognition of government grants is set out in note 2(m).

(J) OPERATING LEASES

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases.Payments made under operating leases net of any incentives received from the leasing company are charged to the consolidated profit and loss accounts on a straight-line basis over the lease periods.

(K) BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset.

All other borrowing costs are charged to the consolidated profit and loss account in the year in which they are incurred.

(L) TRANSLATION OF FOREIGN CURRENCIES

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates.Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date.Exchange differences arising in these cases are dealt with in the consolidated profit and loss account.

The balance sheets of subsidiaries expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss account are translated at an average rate.Exchange differences are dealt with as a movement in reserves.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(M) GOVERNMENT GRANTS

A government grant is recognised, when there is a reasonable assurance that the Group will comply with the conditions attaching with it and that the grant will be received.

Government grants relating to the purchase of fixed assets are deducted from the carrying amount of the asset. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

(N) EMPLOYEE BENEFITS

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees.A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group participates in a number of defined contribution plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant group companies. The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(O) RESEARCH AND DEVELOPMENT COSTS

Research costs are expensed as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognised as an intangible asset where the technical feasibility and intention of completing the product under development has been demonstrated and the resources are available to do so, costs are identifiable and there is an ability to sell or use the asset that will generate probable future economic benefits. During the year, all research and development costs were expensed as such costs did not meet the above criteria.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(P) DEFERRED TAXATION

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(Q) CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the accounts when an inflow of economic benefits is probable.When inflow is virtually certain, an asset is recognised.

(R) SEGMENT REPORTING

In accordance with the Group's internal financial reporting the Group has determined that business segments are presented as the primary reporting format and geographical as the secondary reporting format.

Unallocated costs represent corporate expenses. Segment assets consist primarily of fixed assets, inventories, receivables and operating cash.Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings.Capital expenditure comprises additions to fixed assets, including additions resulting from acquisitions through purchases of subsidiaries.

In respect of geographical segment reporting, sales are based on the country in which the customer is located and total assets and capital expenditure are based on where the assets are located.

3 TURNOVER, REVENUES AND SEGMENT INFORMATION

(a) The Group is principally engaged in the production and sale of automobile and construction glass products. Revenues recognised by the Group are as follow:

	Group	
	2004	2003
	HK$'000	HK$'000
Turnover		
Automobile		
- Sale of glass products	725,288	536,035
Construction		
- Sale of glass products	252,860	235,403
- Construction contract revenue	50,186	29,397
	303,046	264,800
	1,028,334	800,835
Other revenues		
Government grants *(note)*	20,421	7,748
Interest income	543	986
Rental income	1,107	1,151
Royalty income	3,019	—
Sundry income	1,737	354
	26,827	10,239
Total revenues	1,055,161	811,074

Note:

These amounts represent government grants given to a subsidiary of the Group in form of "tax refund on reinvestment" in relation to the Group's re-investment of dividends declared and received by certain subsidiaries in the PRC in one of these subsidiaries as additional capital contributions.Such grants were approved by the local tax bureau in accordance with relevant tax law of the PRC.

3 TURNOVER, REVENUES AND SEGMENT INFORMATION *(Continued)*

(b) Segment information

(i) Primary reporting format - business segments

	Year ended 31 December 2004			
	Automobile HK$'000	Construction HK$'000	Float glass HK$'000	Group total HK$'000
Segment revenues	725,288	303,046	—	1,028,334
Segment results	195,444	55,602	(1,355)	249,691
Unallocated other revenues				26,827
Unallocated costs				(23,421)
Operating profit				253,097
Finance costs				(1,456)
Profit before taxation				251,641
Taxation				(14,677)
Profit after taxation				236,964
Minority interests				(1,129)
Profit attributable to shareholders				235,835
Segment assets	757,011	422,649	284,319	1,463,979
Unallocated assets				143,999
Total assets				1,607,978
Segment liabilities	395,962	264,130	5,708	665,800
Unallocated liabilities				143,060
Total liabilities				808,860
Capital expenditure	122,147	182,055	233,363	537,565
Unallocated capital expenditure				45
				537,610
Depreciation and amortisation charge	27,940	6,987	212	35,139
Unallocated depreciation and amortisation charge				212
				35,351

3 TURNOVER, REVENUES AND SEGMENT INFORMATION *(Continued)*

(b) Segment information *(Continued)*

(i) Primary reporting format - business segments *(Continued)*

	Year ended 31 December 2003			
	Automobile	Construction	Float glass	Group total
	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenues	536,035	264,800	—	800,835
Segment results	175,773	34,341	—	210,114
Unallocated other revenues				10,239
Unallocated costs				(24,704)
Operating profit				195,649
Finance costs				(979)
Profit before taxation				194,670
Taxation				(8,856)
Profit after taxation				185,814
Minority interests				(393)
Profit attributable to shareholders				185,421
Segment assets	608,184	328,227	36,447	972,858
Unallocated assets				56,601
Total assets				1,029,459
Segment liabilities	142,723	114,961	16,735	274,419
Unallocated liabilities				176,930
Total liabilities				451,349
Capital expenditure	7,772	36,850	17,782	62,404
Unallocated capital expenditure				6,917
				69,321
Depreciation and amortisation charge	20,062	10,369	—	30,431
Unallocated depreciation and amortisation charge				2,518
				32,949

3 TURNOVER, REVENUES AND SEGMENT INFORMATION *(Continued)*

(b) Segment information *(Continued)*

(ii) Secondary reporting format - geographical segments

The Group's revenue is mainly derived from customers located in the PRC and North America while the Group's business activities are conducted predominately in Hong Kong and the PRC. The following table provides an analysis of the Group's sales by geographical location of customers:

	2004 HK$'000	2003 HK$'000
Turnover		
PRC	**430,314**	361,606
United States of America	**231,380**	156,493
Hong Kong	**32,831**	36,718
Middle East	**61,092**	43,548
Canada	**46,867**	45,426
Australia and New Zealand	**56,319**	31,789
Africa	**40,309**	27,227
Central and South America	**26,010**	18,443
Europe	**57,224**	18,137
Others	**45,988**	61,448
	1,028,334	800,835

The following is an analysis of the carrying amount of segment assets and capital expenditure analysed by the geographical area in which the assets are located:

	2004 HK$'000	2003 HK$'000
Total assets		
Hong Kong	**209,219**	192,653
PRC	**1,380,839**	831,906
Canada	**17,920**	4,900
	1,607,978	1,029,459

3 TURNOVER, REVENUES AND SEGMENT INFORMATION *(Continued)*

(b) Segment information *(Continued)*

(ii) Secondary reporting format - geographical segments *(Continued)*

	2004 HK$'000	2003 HK$'000
Capital expenditure		
Hong Kong	255	7,246
PRC	537,165	62,022
Canada	190	53
	537,610	69,321

4 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	2004 HK$'000	2003 HK$'000
Crediting		
Bad debts recovered	—	462
Write back of provision for doubtful debts	—	1,488
Exchange gain, net	—	1,046
Charging		
Auditors' remuneration	1,134	60
Cost of inventories sold	619,671	508,670
Depreciation	35,351	32,949
Loss on disposal of fixed assets	1,511	80
Exchange losses, net	1,171	—
Operating lease charges in respect of land and buildings	1,691	1,134
Provision for doubtful debts	470	—
Provision for inventory obsolescence	331	1,230
*Staff costs (including directors' remuneration) *(note 10)*	78,542	69,632

* The total research and development expenses incurred during the year amounting to HK$392,000 (2003: HK$416,000) were included in staff costs.

5 FINANCE COSTS

	2004	2003
	HK$'000	HK$'000
Interest on:		
- bank loans and overdrafts	9,718	733
- amount due to a related company	—	449
	9,718	1,182
less: interest expenses capitalised under construction in progress	(8,262)	(203)
	1,456	979

Borrowing costs were capitalised at rates ranging from 1.68% to 4.78% (2003: 1.68% to 4.78%) per annum during the year for construction in progress.

6 TAXATION

The amount of taxation charged to the consolidated profit and loss accounts represents:

	2004	2003
	HK$'000	HK$'000
Current taxation		
Hong Kong profits tax *(note (i))*	362	652
PRC foreign enterprise income tax *(note (ii))*	12,878	11,217
Overseas taxation *(note (iii))*	1,049	169
Over provision in prior years	(268)	(780)
Deferred taxation	656	(2,402)
Taxation charges	14,677	8,856

6 TAXATION *(Continued)*

Notes:

(i) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits for the year.

(ii) PRC foreign enterprise income tax

PRC foreign enterprise income tax ("FEIT") is provided on the estimated taxable profits of the subsidiaries established in the PRC for the year, calculated in accordance with the relevant tax rules and regulations.

During the year ended 31 December 2003, the Group increased its capital contribution in Xinyi Automobile Glass (Shenzhen) Co., Ltd. ("Xinyi Automobile Shenzhen") by way of reinvestment of dividends declared by certain subsidiaries in the PRC into Xinyi Automobile Shenzhen.As a result, certain portion of the taxable profits of Xinyi Automobile Shenzhen (calculated based on the ratio of additional capital contribution to the total registered capital after the additional capital contribution) is entitled to two years exemption from FEIT starting from the year ended 31 December 2003, to be followed by a 50% reduction of the FEIT rate for the following three consecutive years.The balance of the taxable profits is subject to FEIT at a rate of 15% and is calculated based on the ratio of the paid-up capital before additional capital contributions to the enlarged paid-up capital.Other subsidiaries established in the PRC which had taxable profits for the years ended 31 December 2004 and 2003 were entitled to tax holiday/concession whereby the taxable profits for the years ended 31 December 2004 and 2003 of the relevant subsidiaries were either exempt from FEIT or subject to a reduced FEIT rate of 7.5%.

As at 31 December 2004, Xinyi Ultra-thin Glass (Dongguan) Co., Ltd., Xinyi Glass Engineering (Dongguan) Co., Ltd., Xinyi Automobile Glass (Dongguan) Co., Ltd., and Xinyi Automobile Parts (Wuhu) Co., Ltd. had not yet commenced operation and therefore were not subject to any FEIT.

(iii) Overseas taxation

Taxation on overseas profits has been calculated on the estimated assessable profits for the years ended 31 December 2004 and 2003 at the rates of taxation prevailing in the countries in which the Group operates.

(iv) The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Group as follows:

	2004 HK$'000	2003 HK$'000
Profit before taxation	**251,641**	194,670
Calculated at a taxation rate of 15%	**37,746**	29,200
Effect of different taxation rates in other countries	**1,462**	217
Preferential tax rates on the income of PRC subsidiaries	**(20,276)**	(15,861)
Income not subject to taxation	**(4,772)**	(5,519)
Expenses not deductible for taxation purposes	**785**	850
Decrease/(increase) in unrecognised temporary difference	**—**	4
Unrecognised tax losses	**—**	745
Over provision in prior years	**(268)**	(780)
Taxation charge	**14,677**	8,856

7 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

There was no profit or loss attributable to the shareholders to be dealt with in the Company's account. (2003: Nil)

8 DIVIDENDS

The dividends declared and paid during the years ended 31 December 2004 and 2003 represent dividends declared by the certain subsidiaries of the Group to their respective then shareholders.

	2004 HK$'000	2003 HK$'000
Interim dividend paid by subsidiaries to their then shareholders before the Reorganisation *(note (a))*	51,197	12,000
Dividends declared by the Company:		
- Final, proposed, of 5.0 HK cents per ordinary share *(note (b))*	77,147	—
	128,344	12,000

Notes:

(a) The dividend rates and the number of shares ranking for the dividend in respect of the dividend paid by the subsidiaries to its then shareholders before the Reorganisation are not presented as such information is not considered meaningful for the purpose of these accounts.

(b) At a meeting held on 22 April 2005, the directors proposed a final dividend of 5.0 HK cents per ordinary share for the year ended 31 December 2004. This proposed dividend is not reflected as a dividend payable in these accounts but will be reflected as an appropriation of retained profits for the year ending 31 December 2005.

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK$235,835,000 (2003: HK$185,421,000)

The basic earnings per share is based on a weighted average total of approximately 1,102,562,000 issued ordinary shares immediately before the listing of the Company's shares on the Stock Exchange, which were deemed to be issued since 1 January 2003.

No diluted earnings per share for the year ended 31 December 2004 is presented as there were no dilutive potential ordinary shares outstanding during the year (2003: Nil).

10 STAFF COSTS, INCLUDING DIRECTORS' REMUNERATION

	2004 HK$'000	2003 HK$'000
Wages and salaries	77,800	69,040
Pension costs - defined contribution plans *(note)*	742	592
	78,542	69,632

Note:

The Group operates a Mandatory Provident Fund scheme (the "MPF scheme") in accordance with the Mandatory Provident Fund Scheme Ordinance of Hong Kong (the "MPF Ordinance").Under the rules of the MPF scheme, the employer and its employees in Hong Kong are each required to contribute 5% of their gross earnings with a ceiling of HK$1,000 per month to the MPF scheme.The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.No forfeited contribution is available to reduce the contribution payable in future years.

The Group's subsidiaries in the PRC also participate in defined contribution retirement schemes covering its full time PRC employees. The schemes are administered by the relevant government authorities in the PRC. The Group and the PRC eligible employees are required to make contributions based on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC and the relevant government authorities undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group's subsidiaries in the PRC.No forfeited contribution is available to reduce the contribution payable in future years.

11 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The aggregate amounts of emoluments paid and payable to the directors of the Company by the Group are as follows:

	2004 HK$'000	2003 HK$'000
Fees	—	—
Other emoluments:		
Executive directors		
- basic salaries and allowances	2,259	2,601
- contributions to retirement contribution schemes	65	76
Non-executive directors		
- basic salaries and allowances	—	120
- contributions to retirement contribution schemes	—	6
	2,324	2,803

None of the directors of the Company waived any emoluments (2003: Nil) during the year.

All of the directors of the Company received individual emoluments fell within the band of Nil to HK$1,000,000 during the years ended 31 December 2004 and 2003.

11 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year are as follows:

	Number of individuals	
	2004	2003
Directors	**1**	1
Employees	**4**	4
	5	5

The emoluments paid to the directors who were also the five highest paid individuals were included in the analysis set out in note 11(a) above.

The aggregate amounts of emoluments paid and payable to the remaining individuals whose emoluments were the highest in the Group are as follows:

	2004	2003
	HK$'000	HK$'000
Other emoluments:		
- basic salaries and allowances	**9,078**	6,212
- contributions to retirement benefit schemes	**42**	31
	9,120	6,243

The emoluments of the individuals fell within the following bands:

	Number of individuals	
	2004	2003
Emolument bands		
Nil - HK$1,000,000	**1**	1
HK$1,000,001 - HK$1,500,000	**1**	2
HK$2,500,001 - HK$3,000,000	**—**	1
HK$3,000,001 - HK$3,500,000	**2**	—
	4	4

(c) During the year, no emoluments were paid to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. (2003: Nil)

12 FIXED ASSETS - GROUP

	Construction in progress HK$'000	Land use rights HK$'000	Land and Buildings HK$'000	Plant and Machinery HK$'000	Office Equipment HK$'000	Total HK$'000
Cost						
At 1 January 2004	2,546	46,358	145,480	265,072	4,889	464,345
Exchange adjustment	24	405	982	2,337	53	3,801
Additions	322,988	79,064	2,965	13,533	2,361	420,911
Transfers upon completion	(2,490)	—	—	2,420	70	—
Disposals	—	(3,432)	—	(2,042)	(153)	(5,627)
At 31 December 2004	323,068	122,395	149,427	281,320	7,220	883,430
Accumulated depreciation						
At 1 January 2004	—	4,319	14,777	70,820	1,325	91,241
Exchange adjustment	—	40	124	627	11	802
Charge for the year	—	1,592	4,853	27,927	979	35,351
Disposals	—	—	—	(584)	(19)	(603)
AT 31 December 2004	—	5,951	19,754	98,790	2,296	126,791
Net book value						
At 31 December 2004	323,068	116,444	129,673	182,530	4,924	756,639
At 31 December 2003	2,546	42,039	130,703	194,252	3,564	373,104

12 FIXED ASSETS - GROUP *(Continued)*

The Group's interests in land use rights and land and buildings at their net book values are analysed as follows:

	2004 HK$'000	2003 HK$'000
In PRC, held under		
Land use rights of between 10 to 50 years	116,444	42,039
Buildings located at parcels of leased land for a period between 10 to 50 years	90,984	90,979
In Hong Kong, held on		
Leases of between 10 to 50 years	38,689	39,724
	246,117	172,742

As at 31 December 2004, certain of the Group's land and buildings with an aggregate net book value of approximately HK$71,766,000 (2003: Nil) were pledged as collateral for certain short term bank borrowings and other banking facilities of the Group.

13 INVESTMENT IN SUBSIDIARIES - COMPANY

	Company 2004 HK$'000
Unlisted shares, at cost	10
Amount due from a subsidiary	29,985
	29,995

Amount due from a subsidiary is unsecured, interest free and has no fixed term of repayment. Details of subsidiaries are set out in note 31.

14 INVESTMENT SECURITIES - GROUP

	2004 HK$'000	2003 HK$'000
Unlisted securities, at cost	472	—

15 INVENTORIES - GROUP

	2004 HK$'000	2003 HK$'000
Finished goods	72,545	75,520
Raw materials	84,798	57,512
Work in progress	9,499	9,330
Provision for inventories	(2,665)	(2,334)
	164,177	140,028

At 31 December 2004, the carrying amounts of inventories that were carried at net realisable value amounted to HK$1,166,000 (2003: HK$1,274,000).

16 CONSTRUCTION CONTRACTS IN PROGRESS - GROUP

	2004 HK$'000	2003 HK$'000
Contract costs incurred plus attributable profits less foreseeable losses to date	54,033	25,304
Less: progress billings to date	(52,196)	(8,292)
	1,837	17,012
Included in current assets / (liabilities) under the following captions:		
Due from customers on construction contracts	1,837	18,064
Due to customers on construction contracts	—	(1,052)
	1,837	17,012

17 TRADE AND BILLS RECEIVABLES - GROUP

	2004 HK$'000	2003 HK$'000
Trade receivables *(note (i))*	223,753	143,116
Bills receivables *(note (ii))*	5,043	7,996
	228,796	151,112

17 TRADE AND BILLS RECEIVABLES - GROUP *(Continued)*

Notes:

(i) Majority of the Group's turnover is on open account terms and in accordance with terms specified in the contracts governing the relevant transactions.

The ageing analysis of the Group's trade receivables is as follows:

	2004 HK$'000	2003 HK$'000
0-90 days	190,538	123,711
91-180 days	24,242	14,385
181-365 days	7,391	6,378
1-2 years	3,780	2,519
Over 2 years	1,808	—
Provision for doubtful debts	(4,006)	(3,877)
	223,753	143,116

(ii) Bills receivables have maturities ranging from 3 to 6 months.

18 DUE FROM RELATED COMPANIES - GROUP

	2004 HK$'000	2003 HK$'000
Shenzhen Yuan Sheng Long Glass Limited ("YSL Glass") *(note (i))* （深圳市源盛隆玻璃有限公司）	—	573
Shenzhen Xinyi Real Estate Developing Co., Ltd. ("Xinyi Real Estate") *(note (ii))* （深圳市信義房地產開發有限公司）	46	14
Shenzhen ZhanBao Development Industrial Co., Ltd. ("ZhanBao") *(note (iii))* （深圳市湛寶實業發展有限公司）	17	4
Xinyi Technologies Group Limited *(note (iv))*	25	25
	88	616

Notes:

(i) YSL Glass was owned by Mr. SHI Neng Qi (a cousin of Mr. LEE Yin Yee, an executive director) and Mr. SU Qing Kuo (a cousin of Mr. LI Ching Wai, a non-executive director).

(ii) Xinyi Real Estate was owned by Ms. TUNG Hai Chi (the spouse of Mr. LEE Yin Yee, an executive director), Mr. LEE shing Put (an executive director), and Mr. SZE Nang Sze (a non-executive director).

(iii) ZhanBao was owned by Mr. LI Ching Wai (a non-executive director), Mr. SZE Nang Sze (a non-executive director) and Mr. LI Ching Leung (an executive director).

(iv) Xinyi Technologies Group Limited was owned by Mr. LEE Shing Put, an executive director and Mr. TUNG Ching Bor, an executive director.

18 DUE FROM RELATED COMPANIES - GROUP *(Continued)*

The balances with related companies, arising from trade in nature, were unsecured, interest free and repayable on demand. All the balances outstanding at 31 December 2004 have been fully settled prior to the listing of the Company's shares on the Stock Exchange.

19 BANK BALANCES AND CASH - GROUP

The pledged bank deposits represent deposits pledged to banks for securing banking facilities granted to the Group's subsidiaries (note 28).

As at 31 December 2004, bank balances and cash of approximately RMB148,154,000 (equivalent to HK$139,767,925) (2003: RMB90,923,000 (equivalent to HK$84,974,766)) was denominated in Renminbi and kept in the PRC. The remittance of these funds out of the PRC is subject to the foreign exchange control restriction imposed by the government of the PRC.

20 TRADE AND BILLS PAYABLES - GROUP

	2004 HK$'000	2003 HK$'000
Trade payables *(note (i))*	63,298	51,338
Bills payables *(note (ii))*	50,094	86,248
	113,392	137,586

Notes:

(i) The ageing analysis of the Group's trade payables is as follows:

	2004 HK$'000	2003 HK$'000
0 - 90 days	56,906	40,490
91-180 days	6,236	5,014
181-365 days	96	5,760
1-2 years	60	74
Over 2 years	—	—
	63,298	51,338

(ii) Bills payables have maturities ranging from 3 to 6 months.

21 DUE TO SHAREHOLDERS AND A RELATED PARTY - GROUP

	2004 HK$'000	2003 HK$'000
Due to shareholders		
- Mr. LEE Yin Yee	—	60,154
- Mr. TUNG Ching Bor	—	19,495
- Mr. TUNG Ching Sai	—	20,103
- Mr. LEE Sing Din	—	18,485
- Mr. LI Ching Wai	—	5,776
- Mr. LI Ching Leung	—	5,776
- Mr. SZE Nang Sze	—	5,776
- Mr. LI Man Yin	—	5,940
- Mr. NG Ngan Ho	—	5,776
	—	147,281
Due to a related party		
- Ms. TUNG Hai Chi (i)	—	4,673

(i) Ms. TUNG Hai Chi is the spouse of Mr. LEE Yin Yee, an executive director of the Company.

The amounts due to shareholders and a related party at 31 December 2003 were unsecured, interest free and repayable on demand.

22 BANK BORROWINGS - GROUP

(A) SHORT TERM BANK BORROWINGS

	2004 HK$'000	2003 HK$'000
Short term bank loans		
Secured	115,676	—
Unsecured	326,129	100,878
Bank overdrafts	—	1,077
	441,805	101,955

22 BANK BORROWINGS - GROUP *(Continued)*

(B) LONG TERM BANK BORROWINGS

	2004 HK$'000	2003 HK$'000
Long term bank loans		
Secured	92,000	—
Unsecured	68,303	—
	160,303	—

Details of the Group's banking facilities are set out in note 28.

23 SHARE CAPITAL

Movements during the period from 25 June 2004 (date of incorporation) to 31 December 2004 and up to the Listing Date were as follows:

		Ordinary shares of HK$0.1 each	
		Number of shares	Nominal value
			HK$'000
Authorised:			
Upon incorporation on 25 June 2004 and as at 31 December 2004	(a)	3,800,000	380
Increase in authorised share capital	(e)	2,496,200,000	249,620
At Listing Date		2,500,000,000	250,000
Issued and fully paid:			
Allotted and issued, nil paid			
— on 25 June 2004	(a)	1	—
— on 22 July 2004	(b)	999	—
On acquisition of Xinyi Automobile Glass (BVI) Co., Ltd. ("Xinyi BVI")			
— consideration shares issued	(c)	97,000	10
New issue of shares converted for convertible note	(d)	2,000	—
At 31 December 2004		100,000	10
Allotted and issued, nil paid			
— on 18 January 2005,	(e)	1,124,900,000	—
New issue of shares	(f)	417,944,000	41,794
Capitalisation of share premium account	(e)	—	112,490
At Listing Date		1,542,944,000	154,294

23 SHARE CAPITAL *(Continued)*

Notes:

(a) The Company was incorporated in the Cayman Islands on 25th June 2004 with authorised share capital of HK$380,000 divided into 3,800,000 ordinary shares of HK$0.1 each.Upon incorporation, one subscriber share was issued at par.

(b) On 22 July 2004, a total number of 999 ordinary shares of HK$0.1 each of the Company were allotted and issued.

(c) Under the Reorganisation which took place on 30 December 2004 for the preparation for the listing of the Company's shares on the Stock Exchange, 97,000 ordinary shares of HK$0.1 each were allotted and issued in consideration of the acquisition by the Company of the entire issued share capital of Xinyi (BVI) as fully paid to the then shareholders of Xinyi (BVI).

(d) Pursuant to a resolution of the shareholders passed on 13 December 2004, the Company issued a convertible note to Kingsway SBF Investment Company Limited ("Kingsway SBF") for a consideration of HK$30 million.The convertible note was non-interest bearing and due for repayment on 12 December 2006.On 31 December 2004, Kingsway SBF exercised its rights to convert the entire note into 2,000 ordinary shares of HK$0.1 each and credited as fully paid.The HK$30 million face value of convertible note net of HK$200 par value of the converted shares were credited to share premium account of the Company.

(e) Pursuant to a resolution of the shareholders passed on 18 January 2005, the authorised share capital of the Company was increased from HK$380,000 to HK$250,000,000 by the creation of additional 2,496,200,000 shares of HK$0.1 each.

Pursuant to the resolution, 1,124,900,000 shares of the Company were allotted and issued, credited as fully paid at par value of HK$0.1 each to the then existing shareholders of the Company in proportion to their respective shareholding by the capitalisation of HK$112,490,000 from the share premium account.Such allotment and capitalisation were conditional on the share premium account being credited as a result of the new shares issued in connection with the listing of the Company's shares on the Stock Exchange.

(f) On the Listing Date, 375,000,000 shares were issued to the public at a premium of HK$1.9 for cash totalling HK$750,000,000.

On 25 February 2005, 42,944,000 shares were issued to the public at a premium of HK$1.9 for cash totalling HK$85,888,000 pursuant to the exercise of over-allotment option under the listing of the Company's share on the Stock Exchange.

The excess of the issued price over the par value of the shares, net of share issue expenses, was credited to the share premium account of the Company.

24 RESERVES - GROUP

	Share premium HK$'000	Retained profits HK$'000 (Note a)	Statutory reserve fund HK$'000 (Note b)	Enterprise expansion fund HK$'000 (Note b)	Exchange Reserve HK$'000	Capital reserve HK$'000 (Note c)	Total HK$'000
At 1 January 2003	—	394,232	—	—	23	11,840	406,095
Net profit for the year	—	185,421	—	—	—	—	185,421
Dividend paid	—	(12,000)	—	—	—	—	(12,000)
Exchange difference	—	—	—	—	(2,965)	—	(2,965)
Appropriation for the year	—	(22,532)	15,427	7,105	—	—	—
At 31 December 2003	—	545,121	15,427	7,105	(2,942)	11,840	576,551
Net profit for the year	—	235,835	—	—	—	—	235,835
Dividend paid	—	(51,197)	—	—	—	—	(51,197)
Exchange difference	—	—	—	—	5,787	—	5,787
Transfer to reserve	—	(27,506)	18,337	9,169	—	—	—
Convertible note converted	30,000	—	—	—	—	—	30,000
At 31 December 2004	30,000	702,253	33,764	16,274	2,845	11,840	796,976

Notes:

(a) Retained earnings of the Group comprise:

	2004 HK$'000	2003 HK$'000
Final dividend proposed	77,147	—
Other	625,106	545,121
	702,253	545,121

(b) The statutory reserve fund and enterprise expansion fund were provided for in accordance with laws in the PRC and regulations by certain subsidiaries which are the wholly owned foreign enterprises incorporated in the PRC.These funds are appropriated from net profit as recorded in the PRC statutory accounts.The statutory reserve fund can only be used, upon approval by the relevant authority, to make good of previous years' losses or to increase the capital of these subsidiaries.The enterprise expansion fund can only be used to increase capital of the group companies or to expand their production operations upon approval by the relevant authority.

24 RESERVES - GROUP *(Continued)*

Note: (Continued)

Prior to 2003, the boards of directors of the respective group companies did not resolve to appropriate any of the companies' profit to the statutory reserve fund and enterprise expansion fund as there was a re-investment of dividends declared by the respective subsidiaries in the PRC as additional capital contributions in one of these subsidiaries. During the year ended 31 December 2004, the boards of directors of the group companies resolved to appropriate approximately HK$18,337,000 (2003: HK$15,427,000) and HK$9,169,000 (2003: HK$7,105,000) from retained profits to the statutory reserve fund and enterprise expansion fund respectively.

(c) The capital reserve of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the Reorganisation and the nominal value of the share capital of the Company issued in exchange thereof.

25 DEFERRED TAXATION

The movement on the deferred tax liabilities / (assets) accounts is as follows:

	2004 HK$'000	2003 HK$'000
At beginning of the year	(2,402)	—
Deferred taxation charged / (credited) to profit and loss account *(Note 6)*	656	(2,402)
At end of the year	(1,746)	(2,402)

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

	2004 HK$'000	2003 HK$'000
Deferred tax liabilities - accelerated tax depreciation		
At beginning of the year	2,424	—
(Credited) / charged to profit and loss account	(1,551)	2,424
At end of the year	873	2,424
Deferred tax assets - tax losses		
At beginning of the year	(4,826)	—
Charged / (credited) to profit and loss account	2,207	(4,826)
At end of the year	(2,619)	(4,826)

25 DEFERRED TAXATION *(Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.The following amount, determined after appropriate offsetting, is shown in the consolidated balance sheet:

	2004 HK$'000	2003 HK$'000
Deferred tax assets	(2,207)	(2,863)
Deferred tax liabilities	461	461
	(1,746)	(2,402)

The net deferred tax assets shown in the consolidated balance sheet as at 31 December 2004 are expected to be recovered after more than 12 months from respective balance sheet dates.

26 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(A) RECONCILIATION OF PROFIT BEFORE TAXATION ON NET CASH INFLOW FROM OPERATING ACTIVITIES:

	2004 HK$'000	2003 HK$'000
Profit before taxation	251,641	194,670
Adjustment for :		
Depreciation	35,351	32,949
Loss on disposal of fixed assets	1,511	80
Interest expenses	1,456	979
Interest income	(543)	(986)
Operating profit before working capital changes	289,416	227,692
Increase in inventories	(24,149)	(19,404)
Decrease / (increase) in due from customers on construction contracts	16,227	(14,377)
Increase in trade and bills receivables	(77,684)	(59,180)
Decrease in due from related companies	528	2,074
Decrease / (increase) in prepayments, deposits and other receivables	21,530	(44,311)
(Decrease) / increase in trade and bills payables	(24,194)	31,786
(Decrease) / increase in due to customers on construction contracts	(1,052)	583
Increase in accruals and other payables	41,622	10,729
Decrease in amount due to a related party	(4,673)	—
Net cash inflow from operating activities	237,571	135,592

26 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(B) ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital	Due to shareholders	Due to a related company	Short term bank borrowings	Long term bank borrowings	Minority interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2003	10	94,297	23,823	—	—	2,024	120,154
Minority share of profit and exchange reserve	—	—	—	—	—	393	393
Advances from shareholders	—	52,984	—	—	—	—	52,984
Repayment of amount due to a related company	—	—	(23,823)	—	—	—	(23,823)
New bank borrowings	—	—	—	100,878	—	—	100,878
Additional interest in a subsidiary	—	—	—	—	—	(868)	(868)
At 31 December 2003	10	147,281	—	100,878	—	1,549	249,718
Minority share of profit and exchange reserve	—	—	—	—	—	1,438	1,438
Repayment of amounts due to shareholders	—	(147,281)	—	—	—	—	(147,281)
New bank borrowings	—	—	—	754,695	160,303	—	914,998
Repayment of bank borrowings	—	—	—	(413,768)	—	—	(413,768)
Dividend paid to minority shareholders	—	—	—	—	—	(855)	(855)
At 31 December 2004	10	—	—	441,805	160,303	2,132	604,250

27 CONTINGENT LIABILITIES

As at 31 December 2004, the Group had no significant contingent liabilities.

28 BANKING FACILITIES

As at 31 December 2004, the Group's banking facilities totalling approximately HK$1,211 million were secured by the followings:

(a) pledged bank deposits (note 19);

(b) cross-guarantees provided by certain subsidiaries of the Group;

(c) certain land and buildings (note 12); and

(d) HK$250 million personal guarantees provided by Mr. LEE Yin Yee, Mr. TUNG Ching Bor, Mr. TUNG Ching Sai and Mr. LEE Sing Din, substantial shareholders of the Company (note 30 (d)).

29 COMMITMENTS

(A) CAPITAL COMMITMENTS

	2004 HK$'000	2003 HK$'000
Acquisition of fixed assets		
- Contracted but not provided for	149,975	234,943

(B) COMMITMENTS UNDER OPERATING LEASES

	2004 HK$'000	2003 HK$'000
Land and buildings		
Not later than one year	1,729	863
Later than one year and not later than five years	3,199	938
Later than five years	1,221	—
	6,149	1,801

30 RELATED PARTY TRANSACTIONS

During the year, the Group had the following significant transactions with related companies which were carried out in the normal course of the Group's business.

	2004 HK$'000	2003 HK$'000
Sales to		
- Shenzhen Xinyi Real Estate Developing Co., Ltd. （深圳市信義房地產開發有限公司）	1,738	1,199
- Shenzhen Yuan Sheng Long Glass Limited ("YSL Glass") (b) （深圳市源盛隆玻璃有限公司）	23,628	30,356
- Shenzhen ZhanBao Development Industrial Co., Ltd. （深圳市湛寶實業發展有限公司）	106	754
Sale of a property to a related party (c)	3,434	—
Purchases from YSL Glass (b)	1,145	927
Services fee paid to		
- Fusion System (Shenzhen) Limited （滙科系統（深圳）有限公司）	378	—
Interest expenses paid to		
- Shenzhen Xinyi Real Estate Developing Co., Ltd.	—	449

Notes:

(a) In the opinion of the directors of the Company, the above related party transactions are carried out in the ordinary course of business and in accordance with the terms mutually agreed by the respective parties.

(b) On 1 July 2004, the Group entered into an agreement with YSL Glass under which YSL Glass has undertaken to terminate its glass product trading business and the Group will not trade with YSL Glass. Therefore, the Group's sales to YSL Glass will not continue after the listing of the Company's shares on the Stock Exchange.

(c) Pursuant to a sale and purchase agreement dated 21 April 2004, the Group sold a property at He Ao Village, Henggang Town, Baoan District, Shenzhen City, Guangdong Province, PRC, to Ms. TUNG Hai Chi, the spouse of Mr. LEE Yin Yee, a substantial shareholder of the Group for a consideration of approximately HK$3.4 million, representing carrying value of the property. No gain or loss arose from the disposal of the property.

(d) On 9 September 2004, Mr. LEE Yin Yee, Mr. TUNG Ching Bor, Mr. TUNG Ching Sai and Mr. LEE Sing Din, substantial shareholders of the Company have provided personal guarantees of HK$250 million to a creditor bank for certain banking facilities granted to the Group.The personal guarantees were released and replaced by a corporate guarantee issued by the Company on the Listing Date.

(e) All these transactions with related parties will not continue after the listing of Company's shares on the Stock Exchange.

31 SUBSIDIARIES

Particulars of subsidiaries (all these companies being private limited companies or, if incorporated outside Hong Kong, having substantially the same characteristics as a Hong Kong incorporated private limited company) as at 31 December 2004 are as follows:

Name	Place of Incorporation	Principal activities and place of Operation	Issued and fully paid up capital	Equity interest
Xinyi Group (Glass) Company Limited	Hong Kong	Trading	1,000 ordinary shares of HK$1,000 each	100%
Xinyi Automobile Glass (Shenzhen) Co., Ltd.	People's Republic of China (the "PRC")	Manufacturing	Register capital of RMB300,000,000	100%
YiDe Glass (Shenzhen) Development Co., Ltd.	the PRC	Manufacturing	Register capital of HK$30,000,000	100%
Xinyi Glass Technology (Shenzhen) Co., Ltd.	the PRC	Manufacturing	Register capital of HK$20,000,000	100%
Xinyi Curtain Wall Decorative Engineering (Shenzhen) Co., Ltd.	the PRC	Engineering	Register capital of RMB10,000,000	100%
Xinyi Ultra-thin Glass (Dongguan) Co., Ltd.	the PRC	Manufacturing	Registered capital of US$22,800,000 with total paid-in capital of US$3,420,000	100%
Xinyi Glass Engineering (Dongguan) Co., Ltd.	the PRC	Manufacturing	Registered capital of US$22,800,000 with total paid-in capital of US$20,117,000	100%
Xinyi Automobile Glass (Dongguan) Co., Ltd.	the PRC	Manufacturing	Registered capital of US$10,000,000 with total paid-in capital of US$4,627,000	100%
Xinyi Automobile Parts (Wuhu) Co., Ltd.	the PRC	Manufacturing	Registered capital of US$7,000,000 with total paid-in capital of US$5,099,000	100%

31 SUBSIDIARIES *(Continued)*

Name	Place of Incorporation	Principal activities and place of Operation	Issued and fully paid up capital	Equity interest
Xinyi Plastics Products (Shenzhen) Development Co., Ltd.	the PRC	Manufacturing	Registered capital of HK$11,000,000	100%
XYG (HK) Limited	Hong Kong	Manufacturing	1,000 ordinary shares of HK$10,000 each	100%
Xinyi Automobile Glass Company Limited	Hong Kong	Trading	100,000 shares of HK$1 each	100%
Xinyi International Investments Limited	Hong Kong	Investment holding	10,000 ordinary shares of HK$1 each	100%
Xinyi Automobile Glass (BVI) Company Limited	the British Virgin Islands	Investment holding	50,000 ordinary shares of US$1 each	100%
Xinyi Glass (Tianjin) Co., Ltd.	the PRC	Manufacturing	Registered capital of US$3,000,000	100%
Shenzhen Yuan Sheng Long Trading Co., Ltd.	the PRC	Trading	Registered capital of RMB1,800,000	100%
Xinyi Glass (America) Development Inc.	Canada	Sales agent	120,000 common shares of CAD1 each	58.3%
Xinyi Glass (North America) Inc.	Canada	Sales agent	120,000 common shares of CAD1 each	58.3%

32 SIGNIFICANT SUBSEQUENT EVENTS

Save as disclosed elsewhere in this consolidated accounts, no other significant event has taken place subsequent to 31 December 2004.

33 APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 22 April 2005.