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XINYI GLASS HOLDINGS LIMITED

信義玻璃控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00868)

ANNOUNCEMENT

PURSUANT TO RULE 13.09(1) OF THE LISTING RULES

VERDICT ISSUED BY THE UNITED STATES

DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO

AND

CLARIFICATIONS AND RESUMPTION OF TRADING OF THE SHARES

This announcement is made by the Board pursuant to Rule 13.09(1) of the Listing Rules.

Verdict issued by the United States District Court for the Northern District of Ohio

On 10 November 2009 (EST), a verdict was issued by a jury in the United States District Court for the Northern District of Ohio in the United States against Xinyi Glass (North America) and Xinyi Automobile Glass for infringements of certain patents held by Saint-Gobain in the US. The alleged infringements relate to the sales of profiled spacers affixed on certain windshield products by the Group to the US market during the period between June 2002 and June 2009 (being the last expiry date of the relevant patents held by Saint-Gobain) in an aggregate amount of approximately US\$11.04 million (equivalent to approximately HK\$86.11 million). The verdict requires Xinyi Glass (North America) and Xinyi Automobile Glass to pay damages to Saint-Gobain in an aggregate amount of approximately US\$10.94 million (equivalent to approximately HK\$85.33 million) and such amount of legal costs and penalty damages to be determined by the judge. The amount of the damages principally consisted of alleged loss of profit and sales and loss on price erosion and a relatively small amount of alleged loss of royalty income on the part of Saint-Gobain.

The legal proceedings were first initiated by Saint-Gobain in November 2006. Throughout the years, the Directors reviewed the status and the merits of the claims from time to time with the benefit of the opinions from the Group's US legal advisers on the matter. The Directors were advised that the claims could not be reasonably estimated. Based on these opinions and the fact that the legal proceedings were in progress, the Directors decided that it was premature to disclose the details of the claims by both parties prior to the verdict.

The Board disagrees with the verdict and will take all necessary steps to appeal the verdict and seek reversal of the verdict.

The Company will issue further announcements, as and when appropriate, should there be any major development in the matter.

Clarifications and resumption of trading of the Shares

Reference is made to the Announcement which stated that trading of the Shares had been suspended effective from 10:00 a.m. on 11 November 2009 pending the publication of this announcement. The Board would like to clarify that the time and date from which the suspension of trading of the Shares commenced should have been 9:39 a.m. on 11 November 2009.

Application has been made to the Stock Exchange for the resumption of trading in the Shares effective from 9:30 a.m. on 12 November 2009. **Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

This announcement is made by the Board pursuant to Rule 13.09(1) of the Listing Rules.

Background information

Xinyi Glass (North America) and Xinyi Automobile Glass were first notified by Saint-Gobain of the patent infringement allegations in November 2006. The alleged infringements relate to the sales of profiled spacers affixed on certain windshield products by the Group to the US market during the period between June 2002 and June 2009 (being the last expiry date of the relevant patents held by Saint-Gobain) in an aggregate amount of approximately US\$11.04 million (equivalent to approximately HK\$86.11 million). The profiled spacers were used in the installation process of the windshield into the window frame of a motor vehicle. Xinyi Glass (North America) and Xinyi Automobile Glass denied all the claims, and Saint-Gobain initiated the legal proceedings in the United States District Court for the Northern District of Ohio.

Throughout the years, the Directors reviewed the status and the merits of the claims from time to time with the benefit of the opinions from the Group's US legal advisers on the matter. The Directors were advised that the claims could not be reasonably estimated. Based on these opinions and the fact that the legal proceedings were in progress, the Directors decided that it was premature to disclose the details of the claims by both parties prior to the verdict.

As part of the preparation for the trial, the Group retained two independent experts who opined that Saint-Gobain should not be awarded the lost profit and sales and price erosion damages even if the jury found infringement. One of the experts also opined that a reasonable amount of royalty should be the only damages awarded to Saint-Gobain if the jury found infringement.

The verdict

During the trial, Xinyi Glass (North America) and Xinyi Automobile Glass denied all the claims with supporting documentary evidence and witnesses. On 10 November 2009 (EST), the jury in the United States District Court for the Northern District of Ohio, however, issued its verdict that the sales of profiled spacers affixed on certain windshield products by the Group to the US market during the period between June 2002 and June 2009 constituted willful infringements of the relevant patents held by Saint-Gobain. The verdict requires Xinyi Glass (North America) and Xinyi Automobile Glass to pay damages to Saint-Gobain in an aggregate amount of approximately US\$10.94 million (equivalent to approximately HK\$85.33 million) and such amount of legal costs and penalty damages to be determined by the judge. The amount of the damages principally consisted of alleged loss of profit and sales and loss on price erosion and a relatively small amount of alleged loss of royalty income on the part of Saint-Gobain.

Further steps taken by the Board

The Board disagrees with the verdict and will take all necessary steps to appeal the verdict and seek reversal of the verdict.

The Company will issue further announcements, as and when appropriate, should there be any major development in the matter.

Clarifications and resumption of trading of the Shares

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Definitions

Unless the context requires otherwise, the capitalised terms used in this announcement shall have the following meanings:-

“Announcement”	the announcement of the Company dated 11 November 2009 regarding the suspension of trading of the Shares;
“Board”	the board of Directors;
“Company”	Xinyi Glass Holdings Limited (信義玻璃控股有限公司) (Stock code: 00868), a company incorporated under the laws of the Cayman Islands with limited liability with all the Shares listed on the Stock Exchange;
“Directors”	the directors of the Company;
“EST”	Eastern Standard Time in the US;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	The Rules Governing the Listing of Securities on the Main Board of the Stock Exchange;
“Saint-Gobain”	Saint-Gobain Autover USA, Inc., Saint-Gobain Sekurit Mexico S.A. de C.V. and Saint-Gobain Sekurit USA, Inc., all of them are the plaintiffs of the claims referred to in this announcement;
“Shares”	ordinary shares of HK\$0.1 each in the share capital of the Company;
“Shareholders”	holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	United States dollars, the lawful currency of the U.S.A.;

“United States” or “US”	the United States of America;
“Xinyi Automobile Glass”	信義汽車玻璃(深圳)有限公司 (Xinyi Automobile Glass (Shenzhen) Co., Ltd.,*) a wholly foreign-owned enterprise established in China and a wholly-owned subsidiary of the Company; and
“Xinyi Glass (North America)”	Xinyi Glass (North America), Inc., a company incorporated in Ontario, Canada with limited liability and a non-wholly owned subsidiary of the Company.

By order of the Board
XINYI GLASS HOLDINGS LIMITED
LEE Yin Yee, M.H.
Chairman

Hong Kong, 12 November 2009

Unless otherwise specified, translations of US\$ into HK\$ in this announcement are based on the rates of US\$1.0 = HK\$7.8. No representation is made that any amounts in US\$ and HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

As at the date of this announcement, the executive Directors are Mr. LEE Yin Yee, M.H., Mr. TUNG Ching Bor, Mr. TUNG Ching Sai, Mr. LEE Shing Kan, Mr. LEE Yau Ching, Mr. LI Man Yin, the non-executive Directors are Mr. NG Ngan Ho, Mr. LI Ching Wai, Mr. SZE Nang Sze, Mr. LI Ching Leung, and the independent non-executive Directors are Mr. LAM Kwong Siu, S.B.S., Mr. WONG Chat Chor Samuel and Mr. WONG Ying Wai, S.B.S., JP.

** For identification purpose only.*

This announcement will be published on the website of the Stock Exchange at www.hkex.com.hk and on the website of the Company at www.xinyiglass.com.