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Xinyi Automobile Glass (BVI) Company Limited
*(Incorporated in the British Virgin Islands
with limited liability)*

Xinyi Glass Holdings Limited
*(Incorporated in the Cayman Islands with
limited liability)*
(Stock code: 00868)

**LEGAL PROCEEDINGS AGAINST
ZMFY AUTOMOBILE GLASS SERVICES LIMITED,
CERTAIN OF ITS FORMER AND EXISTING DIRECTORS,
AND OTHER RELATED PARTIES**

Reference is made to (i) the announcement dated 6 November 2014 (the “**Offer Announcement**”) and (ii) the offer document dated 27 November 2014 (the “**Offer Document**”), both jointly issued by Xinyi Automobile Glass (BVI) Company Limited (the “**Offeror**”) and Xinyi Glass Holdings Limited (“**Xinyi Glass**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Offer Document.

Background information leading to the legal proceedings

On 20 October 2014, ZMFY issued the ZMFY Property Announcement that the ZMFY Property Acquisition Agreement had been entered into between ZMFY and the Vendor, pursuant to which ZMFY had conditionally agreed to purchase and the Vendor had conditionally agreed to sell the Property. The consideration as set out in the ZMFY Property Acquisition Agreement would be satisfied by the issue of the Convertible Bond by ZMFY to the Vendor upon completion of the ZMFY Property Acquisition.

As set out in the Offer Announcement and the Offer Document, the Offeror has repeatedly expressed its concerns that the terms of the ZMFY Property Acquisition might not serve the best interests of ZMFY and the ZMFY Shareholders as a whole and that it had doubt on the legality surrounding the ZMFY Property Acquisition. The legal advisers of the Offeror have also written to the ZMFY Board to raise the concerns and questions in that respect (the “**Queries**”). However, to-date the ZMFY Board has not responded to the legal advisers of the Offeror, nor has it addressed the

Queries fully or dispelled the Offeror's doubt in any document issued by ZMFY, including the ZMFY Response Announcement and the response document dated 11 December 2014. Further, as set out in the ZMFY Response Announcement, ZMFY proceeded with completion of the ZMFY Property Acquisition and in consideration for it, ZMFY issued the Convertible Bond to Aleta Global Limited ("**Aleta**"), a company nominated by the Vendor. According to the announcement issued by ZMFY on 21 November 2014, Aleta converted a substantial part of the Convertible Bond on 17 November 2014, pursuant to which 50,000,000 Shares were allotted and issued to Aleta. Based on the information as set out in the said announcement, Aleta has become interested in approximately 9.43% of the issued share capital of ZMFY immediately after allotment and issue of such 50,000,000 Shares.

The legal proceedings

In order to protect its interest in ZMFY, on 23 December 2014, the Offeror commenced legal proceedings in the Court of First Instance of The High Court of the Hong Kong Special Administrative Region by issuing an originating summons (the "**Originating Summons**") pursuant to sections 728 to 730 of the Companies Ordinance against ZMFY, Ms. XIA Lu (the Chief Executive Officer and an executive director of ZMFY), Mr. HE Changsheng and Mr. LI Honglin (both being executive directors of ZMFY), Ms. NATSU Kumiko (Chairman and a non-executive director of ZMFY), Mr. FONG William and Mr. CHEN Jinliang (collectively, the two independent non-executive directors of ZMFY), Mr. LING Kit Wah Joseph (the former independent non-executive director of ZMFY who resigned from that position on 20 October 2014) and the other parties involved in the ZMFY Property Acquisition, namely the Vendor and Aleta.

Pursuant to the Originating Summons, the Offeror seeks, amongst others, the following relief:-

- (a) the ZMFY Property Acquisition Agreement be declared void or, in the alternative, voidable;
- (b) the Convertible Bond issued to the Vendor to satisfy the consideration of the ZMFY Property Acquisition Agreement, the 50,000,000 Shares already allotted and issued to Aleta following exercise of the rights attached to the Convertible Bond and the remaining 4,690,647 Shares to be allotted and issued to Aleta as at the date of the Originating Summons be declared void or, in the alternative, voidable; and

- (c) in the event that the ZMFY Property Acquisition Agreement and the Convertible Bond are declared voidable, ZMFY, the Vendor and/or Aleta be compelled to terminate and/or rescind the same.

The legal proceedings have just been commenced and are in the preliminary stage. The return date of the initial hearing for the Originating Summons is Wednesday, 15 April 2015 at 9:30 a.m. The Offeror and Xinyi Glass will make further announcement as and when the board of directors of each of Xinyi Glass and the Offeror considers it appropriate should there be any material development in the legal proceedings.

The Offeror wishes to remind the ZMFY Shareholders and the ZMFY CB Holder(s) that unless the Offers have previously been declared unconditional or extended or revised with the consent of the Executive, the latest time and date for acceptance will be 4:00 p.m. on the First Closing Date, being Monday, 29 December 2014. However, the Offeror reserves its right to revise or extend the Offers until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code).

By order of the board of directors of
Xinyi Automobile Glass (BVI) Company Limited
TUNG Ching Sai
Director

By order of the board of directors of
Xinyi Glass Holdings Limited
LEE Yin Yee, M.H.
Chairman

Hong Kong, 24 December 2014

As of the date of this announcement, the board of directors of the Offeror comprises Mr. LEE Yin Yee, M.H., Mr. LEE Sing Din, Mr. TUNG Ching Sai, Mr. TUNG Ching Bor and Mr. LI Chi Tan.

As of the date of this announcement, the board of directors of Xinyi Glass comprises Mr. LEE Yin Yee, M.H., Mr. TUNG Ching Bor, Mr. TUNG Ching Sai and Mr. LEE Shing Kan as the executive directors, Mr. NG Ngan Ho, Mr. LI Ching Wai, Mr. SZE Nang Sze and Mr. LI Ching Leung as the non-executive directors, and Mr. LAM Kwong Siu, S.B.S., Mr. WONG Chat Chor Samuel, Mr. WONG Ying Wai, S.B.S., JP., Mr. TRAN Chuen Wah, John and Mr. TAM Wai Hung, David as the independent non-executive directors.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of information contained in this announcement (save for the information relating to the ZMFY Group, the Vendor and Aleta) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

The directors of Xinyi Glass jointly and severally accept full responsibility for the accuracy of information contained in this announcement (save for the information relating to the ZMFY Group, the Vendor and Aleta) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

The information relating to the ZMFY Group, the Vendor and Aleta in this announcement has been extracted from or based on the published information of ZMFY. The only responsibility accepted by the directors of the Offeror and Xinyi Glass in respect of such information is for the correctness and fairness of the extraction of such information and/or its reproduction or presentation.

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