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Certain information included in this announcement is subject to amendment and finalisation and approval for publication of the Xinyi Solar Prospectus. In addition, unless the context requires otherwise, the historical financial information in this announcement is unaudited and may differ from the audited financial information of Xinyi Solar which will be included in the Xinyi Solar Prospectus. Shareholders of, and prospective investors in, the securities of the Company should therefore exercise extreme caution in interpreting the information contained in this announcement and when dealing in such securities.



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)

**MAJOR TRANSACTION
DEEMED DISPOSAL OF CERTAIN EQUITY INTEREST IN A SUBSIDIARY
IN RELATION TO
THE PROPOSED SPIN-OFF AND THE LISTING OF
XINYI SOLAR HOLDINGS LIMITED
ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED
PROPOSED ADOPTION OF THE XINYI SOLAR SHARE OPTION SCHEME
AND
CLOSURE OF REGISTER OF MEMBERS**

PROPOSED SPIN-OFF

The Board refers to the Proposed Spin-Off and the Previous Announcements.

On 28 February 2011, the Company submitted a proposal to the Stock Exchange for the Proposed Spin-Off pursuant to Practice Note 15 of the Listing Rules. The Stock Exchange confirmed on 1 April 2011 that the Company may proceed with the application for a separate listing of Xinyi Solar on the Main Board. On 7 June 2011, the Board announced that Xinyi Solar submitted a listing application form (Form A1) to the Stock Exchange for the listing of, and permission to deal in, the Xinyi Solar Shares in issue and to be issued under the Global Offering and the Capitalisation Issue and may be issued upon the exercise of any option that may be granted under Xinyi Solar Share Option Scheme. On 15 September 2011, the Listing Committee considered the listing application of Xinyi Solar, and the Company issued an announcement on 20 September 2011 informing the Shareholders of the hearing by the Listing Committee of the listing application of Xinyi Solar.

The Proposed Spin-Off is expected to be implemented by way of the Global Offering which will consist of the Hong Kong Public Offering and the International Offering. A portion of the Xinyi Solar Shares allocated for subscription and purchase under the International Offering will be made available to the Qualifying Shareholders under the Preferential Offering. Further information on the Preferential Offering is set forth in the paragraphs under “Proposed Terms of the Preferential Offering” below.

The Xinyi Solar Shares to be issued pursuant to the Global Offering will rank *pari passu* in all respects with all the issued Xinyi Solar Shares prior to completion of the Global Offering. Immediately following completion of the Proposed Spin-Off and the Global Offering, the Company (through Xinyi Glass (BVI) and Xinyi Glass (Hong Kong)) will continue to hold 70.0% to 75.0% of the Xinyi Solar Shares in issue, assuming that the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Company’s shareholding in Xinyi Solar (through Xinyi Glass (BVI) and Xinyi Glass (Hong Kong)) will be reduced to 65.5% to 71.25%. In any of these events, Xinyi Solar will continue to be a non-wholly owned subsidiary of the Company and the operating results of the Xinyi Solar Glass Group will continue to be consolidated into the consolidated financial statements of the Group.

The Proposed Spin-Off is conditional upon the fulfilment or waiver of the conditions set forth in the paragraphs under “Information on the Proposed Spin-Off - Conditions of the Proposed Spin-Off” below.

The Proposed Spin-Off constitutes a deemed disposal by the Company of certain equity interest in Xinyi Solar and a major transaction for the Company. Hence, the Proposed Spin-Off is subject to the announcement and Shareholders' approval requirements of Chapter 14 of the Listing Rules.

ADOPTION OF THE XINYI SOLAR SHARE OPTION SCHEME

In connection with the Proposed Spin-Off, it is proposed that the Xinyi Solar Share Option Scheme be adopted by Xinyi Solar. The purpose of the Xinyi Solar Share Option Scheme is to enable Xinyi Solar to grant options to directors and employees of the Xinyi Solar Glass Group and other selected participants as reward for their contributions to the Xinyi Solar Glass Group and to provide an incentive to them to continue to further develop the Xinyi Solar Glass Group. As Xinyi Solar is a subsidiary of the Company, the adoption of the Xinyi Solar Share Option Scheme is conditional on the approval of the Shareholders.

CIRCULAR

The Circular contains, among other things, further information on the Proposed Spin-Off, the Global Offering, the Preferential Offering, the Xinyi Solar Share Option Scheme and other related arrangements. The Circular also contains the opinion and advice of the Independent Financial Adviser to the Independent Board Committee and Shareholders relating to the Proposed Spin-Off and the recommendation of the Independent Board Committee to Shareholders. The Circular will be despatched to the Shareholders later today.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 7 November 2011 to Wednesday, 9 November 2011 (both days inclusive) for the purpose of determining the eligibility of the Shareholders to vote at the Extraordinary General Meeting. During the closure of the register of members of the Company, no transfer of Shares will be effected. In order to qualify for the voting at the Extraordinary General Meeting, all transfers of the Shares accompanied by the relevant certificates and all documents for the exercise of any share options under the share option scheme of the Company accompanied by the relevant exercise notices, must be lodged with Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar of the Company, no later than 4:30 p.m. on Friday, 4 November 2011.

Shareholders and potential investors should note that the Proposed Spin-Off is subject to, among others things, the final decision of the Board and the board of directors of Xinyi Solar, the approval from the Shareholders at the Extraordinary General Meeting and the approval from the Stock Exchange. Hence, the Proposed Spin-Off may or may not proceed. Accordingly, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

INFORMATION ON THE PROPOSED SPIN-OFF

Introduction

The Board refers to the Proposed Spin-Off and the Previous Announcements.

On 28 February 2011, the Company submitted a proposal to the Stock Exchange for the Proposed Spin-Off pursuant to Practice Note 15 of the Listing Rules. The Stock Exchange confirmed on 1 April 2011 that the Company may proceed with the application for a separate listing of Xinyi Solar on the Main Board. On 7 June 2011, the Board announced that Xinyi Solar submitted a listing application form (Form A1) to the Stock Exchange for the listing of, and permission to deal in, the Xinyi Solar Shares in issue and to be issued under the Global Offering and the Capitalisation Issue and may be issued upon the exercise of any option that may be granted under Xinyi Solar Share Option Scheme. On 15 September 2011, the Listing Committee considered the listing application of Xinyi Solar, and the Company issued an announcement on 20 September 2011 informing the Shareholders of the hearing by the Listing Committee of the listing application.

The Proposed Spin-Off is conditional upon the fulfilment or waiver of the conditions set forth in the paragraphs under “Information on the Proposed Spin-Off - Conditions of the Proposed Spin-Off” below.

Completion of the Proposed Spin-Off will not affect the listing of the Shares on the Main Board. The Shares will continue to be listed and traded on the Main Board following completion of the Proposed Spin-Off and the Global Offering.

Structure of the Proposed Spin-Off

The Proposed Spin-Off is expected to be implemented by way of the Global Offering which will consist of the Hong Kong Public Offering and the International Offering. A portion of the Xinyi Solar Shares allocated for subscription and purchase under the International Offering will be made available to the Qualifying Shareholders under the Preferential Offering. Further information on the Preferential Offering is set forth in the paragraphs under “Proposed Terms of the Preferential Offering” below.

The Xinyi Solar Shares to be issued pursuant to the Global Offering will rank *pari passu* in all respects with all the issued Xinyi Solar Shares prior to completion of the Global Offering. Immediately following completion of the Proposed Spin-Off and the Global Offering, the Company (through Xinyi Glass (BVI) and Xinyi Glass (Hong Kong)) will continue to hold 70.0% to 75.0% of the Xinyi Solar Shares in issue, assuming that the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Company's shareholding in Xinyi Solar (through Xinyi Glass (BVI) and Xinyi Glass (Hong Kong)) will be reduced to 65.5% to 71.25%. In any of these events, Xinyi Solar will continue to be a non-wholly owned subsidiary of the Company and the operating results of the Xinyi Solar Glass Group will continue to be consolidated into the consolidated financial statements of the Group.

On the basis of the above, immediately following completion of the Proposed Spin-Off (assuming the Over-allotment Option is not exercised and without taking into account any Xinyi Solar Shares which may be issued upon the exercise of any option that may be granted under the Xinyi Solar Share Option Scheme), Xinyi Solar will have a public float in the range between 25.0% and 30.0%.

Further announcements will be made by the Company should there be any significant development relating to the Proposed Spin-Off (including the final structure and size, the indicative range of the Offer Price and the latest timetable) as and when appropriate.

Reasons for and benefits of the Proposed Spin-Off

The Directors consider that the reasons for and the benefits of the Proposed Spin-Off include the following:-

- (a) The Proposed Spin-Off will provide a platform for Xinyi Solar to raise funds from the capital markets to support its growth strategies.
- (b) The Proposed Spin-Off will allow Xinyi Solar to broaden its investor base and attract new investors seeking investments in the solar energy industry.
- (c) The Proposed Spin-Off will allow a dedicated management team to focus on the development of the Xinyi Solar Glass Group and provide more detailed disclosure for investors, which will increase the corporate profile and improve the corporate governance of the Xinyi Solar Glass Group as a whole.

The Directors (including all members of the Independent Board Committee) consider that the Proposed Spin-Off, the Global Offering and the Preferential Offering and the transactions contemplated thereunder will be conducted on normal commercial terms and in the interests of the Company and Shareholders as a whole.

Conditions of the Proposed Spin-Off

As of the date of this announcement, the Board and the board of directors of Xinyi Solar have not made any final decision as to whether and when the Proposed Spin-Off and the Global Offering will be launched as well as the detailed terms and conditions of the Global Offering. Nevertheless, the Directors expect that, based on the current market sentiment and the discussions with relevant professional advisers, the Proposed Spin-Off and the Global Offering are expected to be completed before 31 December 2011. If for any reason the Proposed Spin-Off and the Global Offering cannot be completed before 31 December 2011 or there is any material change in the terms of the agreements relating to the Proposed Spin-Off and referred to in the Circular or the Proposed Spin-Off may have different implications under the Listing Rules, the Company will seek further approval from the Shareholders and will provide further updated information to the Shareholders for consideration.

As in other initial public offerings and spin-off transactions in Hong Kong, the Proposed Spin-Off is expected to be conditional upon, among other things, the following:-

- (1) the approval of the Proposed Spin-Off, the Global Offering and the Preferential Offering and the adoption of the Xinyi Solar Share Option Scheme by the Shareholders at the Extraordinary General Meeting;
- (2) the registration and the publication of the Xinyi Solar Prospectus with the approval of the Stock Exchange and in accordance with the applicable laws and regulations in Hong Kong;
- (3) the Listing Committee granting the approval for the listing of, and permission to deal in, all the Xinyi Solar Shares in issue and to be issued under the Global Offering and the Capitalisation Issue and may be issued upon the exercise of any option which may be granted under the Xinyi Solar Share Option Scheme; and
- (4) the underwriting agreements relating to the Global Offering (with further information to be set forth in the Xinyi Solar Prospectus) remaining unconditional and such underwriting agreements not being terminated in accordance with their respective terms on or before the dates and times therein contained.

If any of the above and other applicable conditions are not satisfied or waived as appropriate, the Proposed Spin-Off and the Global Offering will not proceed. Further announcements will be published by the Company as soon as practicable and in accordance with the applicable requirements under the Listing Rules.

Proposed use of net proceeds from the Global Offering

The directors of Xinyi Solar expect that the net proceeds from the Global Offering (after deduction of underwriting fees and estimated expenses in relation to the Global Offering) will be applied as follows:-

- (1) 45.0% of the amount of the net proceeds from the Global Offering for the capital expenditure on the construction of ultra-clear photovoltaic raw glass production lines, ultra-clear photovoltaic processed glass processing lines, ultra-clear float glass production line and the ancillary facilities and related land and buildings;
- (2) 25.0% of the amount of the net proceeds from the Global Offering for the repayment of the capital expenditure funding made by the Non-Solar Glass Group since the inception of the business of Xinyi Solar Glass Group;
- (3) 20.0% of the amount of the net proceeds from the Global Offering for the payment of a special interim dividend declared by Xinyi Solar to Xinyi Glass (Hong Kong); and
- (4) 10.0% of the amount of the net proceeds from the Global Offering for the general working capital of Xinyi Solar.

The above intended use of net proceeds from the Global Offering is indicative only and is subject to change. Further information on the application of the net proceeds from the Global Offering will be set forth in the Xinyi Solar Prospectus.

If the Over-allotment Option is exercised in full, Xinyi Glass (Hong Kong) will sell additional Xinyi Solar Shares. Xinyi Glass (Hong Kong) will use the net proceeds, after deducting the proportion of the listing expenses and underwriting commission payable by it, as the general working capital of the Non-Solar Glass Group.

Preliminary timetable for the Proposed Spin-Off

The Directors are aware of the recent volatility in the global capital markets and the debt crisis amongst countries in Europe may have significant short-term and medium-term impact on the global economy. These factors may affect the investors'

sentiment and the success of the Proposed Spin-Off and the Global Offering. The Directors and the directors of Xinyi Solar expect that the Proposed Spin-Off and the Global Offering can be completed before 31 December 2011, but this timetable is depending on the global capital market conditions. Factors that the Board and the board of directors of Xinyi Solar would consider include the global capital market conditions, the investors' interest in the industry in which the Xinyi Solar Glass Group operates and the market capitalisation of the Group and the likely valuation of Xinyi Solar immediately following completion of the Proposed Spin-Off and the Global Offering as accepted by the investors.

If for any reason the Proposed Spin-Off and the Global Offering cannot be completed before 31 December 2011 or there is any material change in the terms of the agreements relating to the Proposed Spin-off and referred to in the Circular or the Proposed Spin-Off may have different implications under the Listing Rules, the Company will seek further approval from the Shareholders and will provide further updated information to the Shareholders for consideration.

PROPOSED TERMS OF THE PREFERENTIAL OFFERING

Subject to the Listing Committee granting approval for the listing of, and permission to deal in, all the Xinyi Solar Shares in issue and to be issued under the Global Offering and the Capitalisation Issue and may be issued upon the exercise of any option that may be granted under the Xinyi Solar Share Option Scheme, an aggregate of 10.0% of the Xinyi Solar Shares available under the International Offering, representing the Reserved Shares, will be available for subscription by the Qualifying Shareholders under the Preferential Offering. The Reserved Shares will be allocated from the Xinyi Solar Shares available under the International Offering. Qualifying Shareholders will be entitled to subscribe for the Reserved Shares on an assured basis. The final entitlement will depend on the number of Shares held by the Qualifying Shareholders at 4:30 p.m. on the Preferential Offering Record Date. The Company will publish an announcement pursuant to the requirements under Rule 13.66 of the Listing Rules on further information on the Preferential Offering and the Assured Entitlement.

Qualifying Shareholders should note that any decision to apply for the Reserved Shares under the Preferential Offering should be based solely on the information provided in the Xinyi Solar Prospectus.

With a view to increase the opportunity for the public Shareholders to participate in the Global Offering, no Reserved Shares will be offered to connected persons (as such term is defined under the Listing Rules) of Xinyi Solar or persons who will

become connected persons of Xinyi Solar immediately following completion of the Global Offering to the extent that they are Qualifying Shareholders. As of the date of this announcement, all the Xinyi Glass Controlling Shareholders were connected persons of Xinyi Solar and hence, they would not participate in the Preferential Offering. So far as the Directors are aware, no other Shareholder is or would become a connected person of Xinyi Solar as a result of applying for its Assured Entitlement.

The Qualifying Shareholders, even though their shareholding is less than one board lot of 2,000 Shares, will be entitled to participate in the Preferential Offering by applying for such number of Reserved Shares which is less than, or equal to, their Assured Entitlement under the Preferential Offering. A valid application in respect of such number of Reserved Shares less than, or equal to, a Qualifying Shareholder's Assured Entitlement will be accepted in full, subject to the terms and conditions mentioned in the **BLUE** Application Form which will be despatched to the Qualifying Shareholders together with the Xinyi Solar Prospectus if the Global Offering proceeds. Where a Qualifying Shareholder applies for such number of Reserved Shares which is more than his or her or its Assured Entitlement, his or her or its Assured Entitlement will be satisfied in full, subject as mentioned above, but the excess portion of such application will not be met and the excess application money will be refunded. Further information on this arrangement is set forth in the Circular.

Qualifying Shareholders may, in addition to applying for the Reserved Shares, also apply for the Xinyi Solar Shares under the Hong Kong Public Offering.

Shareholders should note that the number of Xinyi Solar Shares allotted and issued under the Assured Entitlement may not represent a multiple of a full board lot of Xinyi Solar Shares (currently expected to be 1,000) or a whole number of Xinyi Solar Shares and will be rounded down to the closest whole number if required, and that dealings in odd lots of Xinyi Solar Shares may be at a price below the prevailing market price for full board lots of Xinyi Solar Shares.

The Assured Entitlement will not be transferable and there will be no trading in nil paid entitlements on the Stock Exchange. Any Xinyi Solar Shares issued pursuant to the Preferential Offering will be fully paid and rank *pari passu* in all respects with other Xinyi Solar Shares then in issue and to be issued pursuant to the Global Offering.

Further announcement on the timing of the Preferential Offering and further information on the Assured Entitlement will be made by the Company separately.

INFORMATION ON THE GROUP

The Group has four business segments, namely automobile glass, construction glass, solar glass and float glass. Following completion of the Proposed Spin-Off, the Non-Solar Glass Group will continue to be engaged in three business segments, namely automobile glass, construction glass and float glass.

INFORMATION ON THE XINYI SOLAR GLASS GROUP

Xinyi Solar was incorporated in the Cayman Islands on 11 January 2011.

The Xinyi Solar Glass Group is principally engaged in the production and sales of two principal types of solar glass: ultra-clear photovoltaic raw glass and ultra-clear photovoltaic processed glass. The solar glass business currently conducted by the Xinyi Solar Glass Group was previously conducted by the solar glass business division of Xinyi Ultra-clear (Dongguan), and Xinyi Glass (Tianjin) and Xinyi Solar (Wuhu). For the purpose of the Proposed Spin-Off, through various reorganisation steps, the businesses and the related assets and liabilities of Xinyi Ultra-clear (Dongguan) and Xinyi Glass (Tianjin) have been transferred to Xinyi Solar (Dongguan Branch) and Xinyi Solar (Tianjin Branch). The non-solar glass related assets previously owned by Xinyi Solar (Wuhu) have been transferred to members of the Non-Solar Glass Group. The purpose of these reorganisation steps is to ensure a clear delineation of the business, assets and liabilities between the Non-Solar Glass Group and the Xinyi Solar Glass Group, and all amount between the two group of companies will also be settled out of the net proceeds from the Global Offering and bank borrowings.

As of the date of this announcement, members of Xinyi Solar Glass Group were wholly-owned subsidiaries of Xinyi Glass (Hong Kong). Following completion of the Proposed Spin-Off and the Global Offering, the Company's interest in Xinyi Solar (through Xinyi Glass (BVI) and Xinyi Glass (Hong Kong)) will be reduced to 70% to 75%, assuming that the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Company's interest (through Xinyi Glass (BVI) and Xinyi Glass (Hong Kong)) will be reduced to 65.5% to 71.25%.

The following table sets forth the financials of the Xinyi Solar Glass Group which were included in the consolidated financial statements of the Group for the three years ended 31 December 2010 and the six months ended 30 June 2011:-

	Year ended 31 December			Six months ended 30
	2008	2009	2010	June 2011
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
	(audited)	(audited)	(audited)	(unaudited)
Net assets of the Group	4,389,536	5,430,586	6,555,894	8,028,214

which includes:-

	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net assets of the Xinyi Solar Glass Group	488,275	753,586	1,323,279	1,296,987

	Year ended 31 December			Six months ended 30
	2008	2009	2010	June 2011
	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)
	(audited)	(audited)	(audited)	(unaudited)
Of the Group:-				
Revenue	3,894	3,958	6,364	3,881
Profit before tax	753	824	1,893	982
Profit after tax	711	777	1,572	842
Net profit attributable to Shareholders	709	774	1,571	842

which includes those of the Xinyi Solar Glass Group as follows:-

	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	277	209	1,077	654
Profit before tax	119	39	479	291
Profit after tax	117	37	407	244
Net profit attributable to Shareholders	117	37	407	244

Delineation of business between the Non-Solar Glass Group and the Xinyi Solar Glass Group

Before completion of the reorganisation steps for the purpose of the Proposed Spin-Off, the solar glass business was one of the business segments of the Non-Solar Glass Group. The following table illustrates the key differences between the Non-Solar Glass Group and the Xinyi Solar Glass Group in various aspects:-

	Non-Solar Glass Group	Xinyi Solar Glass Group
Principal products	Automobile glass, construction glass and float glass products.	Solar glass products, which include ultra-clear photovoltaic raw glass, ultra-clear photovoltaic processed glass, TCO and other glass used in solar module panels.
Principal raw materials	Float glass uses silica sand with less stringent requirement on iron content as the principal raw material. The float glass is principally used as the raw material of automobile glass and construction glass.	All products use low-iron silica sand to increase the solar transmittance and the energy conversion efficiency of the solar modules on which the solar glass is installed. Back glass uses common float glass as the principal raw material.
Principal suppliers	Silica sand with less stringent requirement on the iron content is principally sourced from Beihai, Guangxi Province.	Low-iron silica sand is principally sourced from Fengyang, Anhui Province and Heyuan, Guangdong Province.
Principal customers	Automobile glass: Car manufacturers, automobile repair companies and automobile glass manufacturers Construction glass: Curtain-wall contractors and property developers Float glass: Glass fabricators and glass traders.	Glass processing companies and solar module manufacturers.
Principal end users	Car owners and property owners.	Solar farm operators.

Independence between the Non-Solar Glass Group and the Xinyi Solar Glass Group

The Directors consider that the Xinyi Solar Glass Group is independent from the Non-Solar Glass Group, and further information on this regard is set forth in the Circular.

As of 19 October 2011, the net amount due to the Non-Solar Glass Group amounted to HK\$896.7 million. Such amount represented the net amount of funding contributed by the Non-Solar Glass Group principally for capital expenditure since the inception of the business. The amount will be payable out of the designated portion of the net proceeds from the Global Offering and if the relevant amount of the net proceeds is not enough, from the bank borrowings of the Xinyi Solar Glass Group. The amount outstanding will be settled when Xinyi Solar receives the net proceeds from the Global Offering.

FINANCIAL IMPACT OF THE PROPOSED SPIN-OFF

Following completion of the Proposed Spin-Off, members of the Xinyi Solar Glass Group will continue to be non-wholly owned subsidiaries of the Company. The operating results of the Xinyi Solar Glass Group will therefore be consolidated into the financial statements of the Company. The Directors estimate that the market capitalisation of Xinyi Solar immediately following completion of the Proposed Spin-Off, assuming that the Over-allotment Option is not exercised, would be not more than HK\$12,098.2 million. Based on the structure of the Proposed Spin-Off and the Global Offering, the Directors are not able to determine the market capitalisation of the Xinyi Solar Glass Group. The Directors confirm that the market capitalisation of the Xinyi Solar Glass Group immediately following the Proposed Spin-Off and the Global Offering will be more than HK\$200.0 million as required under Rule 8.09(2) of the Listing Rules.

The following sets forth the financial impact of the Proposed Spin-Off on the Group on the basis that the public float of Xinyi Solar immediately following completion of the Proposed Spin-Off will be no more than 30.0% of the Xinyi Solar Shares then in issue and that the Over-allotment Option is not exercised.

Net asset value of the Group

The Directors expect that the net asset value of the Non-Solar Glass Group will be increased by an amount equivalent to 70.0% to 75.0% (depending on the percentage of the Xinyi Solar Shares in public hands immediately following completion of the Proposed Spin-Off and the Global Offering) of the net asset value of the Xinyi Solar Glass Group less the net asset value of the Xinyi Solar Glass Group immediately before the Proposed Spin-Off. In addition, the amount of the non-controlling interests will also be increased by 25.0% to 30.0% (depending on the percentage of the Xinyi Solar Shares in public hands immediately following completion of the Global Offering) of the net asset value of Xinyi Solar Glass Group immediately following the Proposed Spin-Off.

Effects on the assets and liabilities of the Group

The cash balance of the Group will be increased by the net proceeds from the Global Offering. The amount of the non-controlling interests will be increased by 25.0% to 30.0% of the net asset value of the Xinyi Solar Glass Group immediately following completion of the Global Offering. The amount of reserve of the Group will also be increased correspondingly by the increase in the net asset value of the Group.

Earnings and earnings per Share

As members of the Xinyi Solar Glass Group will continue to be non-wholly owned subsidiaries of the Company, there will be no impact on the earnings and earnings per Share immediately following completion of the Proposed Spin-Off. As Xinyi Solar will continue to be a wholly-owned subsidiary of the Company, completion of the Proposed Spin-Off will not result in any gain on disposal received by the Company.

Cash flow

There is an increase of cash inflow from financing activities by the amount of the net proceeds from the Global Offering.

If the Over-allotment Option is exercised in full, Xinyi Glass (Hong Kong) will receive the amount of net proceeds from the sale of Shares under the Over-allotment Option. The cash balance of the Group will increase. As the shareholding of Xinyi Glass (Hong Kong) in Xinyi Solar will decrease following the exercise of the Over-allotment Option, the amount of the non-controlling interests will increase. There will be no impact on the earnings of the Group and the earnings per Share.

THE XINYI SOLAR SHARE OPTION SCHEME

In connection with the Proposed Spin-Off, it is proposed that the Xinyi Solar Share Option Scheme be adopted by Xinyi Solar. The purpose of the Xinyi Solar Share Option Scheme is to enable Xinyi Solar to grant options to directors and employees of the Xinyi Solar Glass Group and other selected participants as reward for their contributions to the Xinyi Solar Glass Group and to provide an incentive to them to continue to further develop the Xinyi Solar Glass Group.

The Xinyi Solar Share Option Scheme shall take effect subject to:-

- (a) the passing of a resolution by the sole shareholder of Xinyi Solar to approve and adopt the Xinyi Solar Share Option Scheme and to authorise the board of directors of Xinyi Solar to grant options and to allot and issue the Xinyi Solar Shares pursuant to the exercise of any option that may be granted under the Xinyi Solar Share Option Scheme;

- (b) the passing of a resolution by the Shareholders to approve the adoption of the Xinyi Solar Share Option Scheme;
- (c) the Listing Committee granting approval for the listing of, and permission to deal in, the Xinyi Solar Shares to be allotted and issued pursuant to the exercise of any option that may be granted under the Xinyi Solar Share Option Scheme (subject to an initial limit of 10.0% of the aggregate number of Xinyi Solar Shares in issue on the Listing Date); and
- (d) the commencement of trading of the Xinyi Solar Shares on the Main Board.

None of the Directors are trustees of the Xinyi Solar Share Option Scheme or have any direct or indirect interests in such trustees.

Pursuant to Note (1) to rule 17.03(3) of the Listing Rules, the total number of securities which may be issued upon exercise of all options to be granted under a share option scheme and any other schemes must not in aggregate exceed 10.0% (the “**General Scheme Limit**”) of the relevant class of securities of the listed issuer (or the subsidiary) in issue as of the date of approval of the scheme.

Taking into consideration the fact that (i) the Xinyi Solar Share Option Scheme does not become effective until, among other things, commencement of dealings in the Xinyi Solar Shares on the Main Board and (ii) the significant difference in the number of Xinyi Solar Shares in issue as of the date of the Extraordinary General Meeting and the number of Xinyi Solar Shares that will be in issue as of the Listing Date, it is impracticable to set the General Scheme Limit of the Xinyi Solar Share Option Scheme by reference to the number of Xinyi Solar Shares in issue as of the date of the Extraordinary General Meeting. The Company has therefore applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Note (1) to rule 17.03(3) of the Listing Rules so that the General Scheme Limit in respect of the Xinyi Solar Share Option Scheme can be based on the total number of Xinyi Solar Shares in issue as of the Listing Date.

LISTING RULES IMPLICATIONS

Proposed Spin-Off

Under the current structure of the Proposed Spin-Off and taking no account of any Xinyi Solar Shares which may be issued upon the exercise of any option which may be granted under the Xinyi Solar Share Option Scheme, the Company’s interest in Xinyi Solar will be reduced from 100.0% to the range between 70.0% and 75.0% immediately following completion of the Proposed Spin-Off, and will be further

reduced to approximately 65.5% to 71.25% if the Over-allotment Option is exercised in full. The Proposed Spin-Off constitutes a deemed disposal of certain equity interest in Xinyi Solar held by Xinyi Glass (Hong Kong) under Rule 14.29 of the Listing Rules.

As of the date of this announcement, the Board is not able to ascertain the likely market capitalisation of Xinyi Solar immediately following completion of the Proposed Spin-Off as such amount depends on the level of the Offer Price which is in turn affected by a number of factors outside the control of the Board. The Directors estimate that the market capitalisation of Xinyi Solar immediately following completion of the Proposed Spin-Off, assuming that the Over-allotment Option is not exercised, would be not more than HK\$12,098.2 million. Based on this amount, the Proposed Spin-Off, which will constitute a deemed disposal of certain equity interest in Xinyi Solar, would constitute a major transaction for the Company as one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Proposed Spin-Off are more than 25.0% but less than 75.0%. The Proposed Spin-Off is therefore subject to the announcement and Shareholders' approval requirements of Chapter 14 of the Listing Rules. Approval from Shareholders for the Proposed Spin-Off is also required under Practice Note 15 of the Listing Rules.

As the Offer Price cannot be determined at the present stage, the Company will make further announcements as and when the indicative range of the Offer Price is determined.

Xinyi Solar Share Option Scheme

The Xinyi Solar Share Option Scheme is also subject to the approval of Shareholders pursuant to Chapter 17 of the Listing Rules.

EXTRAORDINARY GENERAL MEETING AND VOTING BY POLL

None of the Xinyi Glass Controlling Shareholders is expected to have a material interest different from the other Shareholders in the Proposed Spin-Off, the Global Offering and the Preferential Offering and the Xinyi Solar Share Option Scheme. Hence, no Shareholders will be required to abstain from voting on the ordinary resolutions to be tabled at the Extraordinary General Meeting.

The Extraordinary General Meeting will be convened for the purpose of allowing the Shareholders to consider and, if thought fit, to approve the Proposed Spin-Off, the Global Offering, the Preferential Offering and the adoption of the Xinyi Solar Share Option Scheme.

Pursuant to the Listing Rules, voting at the Extraordinary General Meeting shall be taken by way of a poll. After the conclusion of the Extraordinary General Meeting, the Company will publish the poll results on the respective websites of the Stock Exchange and the Company.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising the three independent non-executive Directors Mr. LAM Kwong Siu, S.B.S., Mr. WONG Chat Chor Samuel and Mr. WONG Ying Wai, S.B.S., JP, has been formed to consider and make its recommendation to the Shareholders in respect of the ordinary resolutions to approve the Proposed Spin-Off, the Global Offering and the Preferential Offering and whether the Proposed Spin-Off, the Global Offering and the Preferential Offering are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. The Independent Board Committee will also advise the Shareholders on the adoption of the Xinyi Solar Share Option Scheme.

INDEPENDENT FINANCIAL ADVISER

Quam Capital Limited has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Shareholders on whether the Proposed Spin-Off and the Preferential Offering are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

CIRCULAR

The Circular contains, among other things, further information on the Proposed Spin-Off, the Global Offering, the Preferential Offering, the Xinyi Solar Share Option Scheme and other related arrangements. The Circular also contains the opinion and advice of the Independent Financial Adviser to the Independent Board Committee and Shareholders relating to the Proposed Spin-Off and the recommendation of the Independent Board Committee to Shareholders. The Circular will be despatched to the Shareholders later today.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 7 November 2011 to Wednesday, 9 November 2011 (both days inclusive) for the purpose of determining the eligibility of the Shareholders to vote at the Extraordinary General Meeting. During the closure of the register of members of the Company, no transfer of Shares will be effected. In order to qualify for the voting at the Extraordinary

General Meeting, all transfers of the Shares accompanied by the relevant certificates and all documents for the exercise of any share options under the share option scheme of the Company accompanied by the relevant exercise notices, must be lodged with Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar of the Company, no later than 4:30 p.m. on Friday, 4 November 2011.

GENERAL INFORMATION

There is no assurance that the Proposed Spin-Off and the Global Offering will take place or as to when it will take place. As of the date of this announcement, the Board and the board of directors of Xinyi Solar have not made any final decision as to whether and when the Global Offering will be launched. The decisions of the Board and the board of directors of Xinyi Solar to proceed with the Global Offering are also dependent on a number of factors including, but without limitation to, the approval of Shareholders and the Listing Committee and the global capital market conditions.

Shareholders and potential investors should note that the Proposed Spin-Off is subject to, among others things, the final decision of the Board and the board of directors of Xinyi Solar, the approval from the Shareholders at the Extraordinary General Meeting and the approval from Stock Exchange. Hence, the Proposed Spin-Off may or may not proceed. Accordingly, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

TIMETABLE FOR THE EXTRAORDINARY GENERAL MEETING AND THE PREFERENTIAL OFFERING

The timetable below is subject to the final timetable of the Proposed Spin-Off and the Global Offering. If there is any change to the timetable below, the Company will issue further announcements in full compliance with the requirements under the Listing Rules.

Extraordinary General Meeting

2011

Latest time for lodging transfers of the Shares
for the Extraordinary General Meeting4:30 p.m. on Friday, 4 November

Register of members of the Company closes
(both days inclusive) Monday, 7 November to
Wednesday, 9 November

Latest time for return of proxy forms in respect
of the Extraordinary General Meeting 9:30 a.m. on Monday, 7 November

Record Date 9:30 a.m. on Wednesday, 9 November

Extraordinary General Meeting 9:30 a.m. on Wednesday, 9 November

Register of members of the Company re-opens Thursday, 10 November

All time referred herein is Hong Kong local time.

Preferential Offering

The timetable for the Preferential Offering will be announced by the Company at a later stage in accordance with Rule 13.66 of the Listing Rules.

If for any reason the Proposed Spin-Off and the Global Offering cannot be completed before 31 December 2011 or there is any material change in the terms of the agreements relating to the Proposed Spin-Off and referred to in the Circular or the Proposed Spin-Off may have different implications under the Listing Rules, the Company will seek further approval from the Shareholders and will provide updated information to the Shareholders for consideration.

DEFINITIONS

Unless the context requires otherwise, the capitalised terms used herein shall have the following meanings:-

“Assured Entitlement”	the entitlement of the Qualifying Shareholders to apply for the Reserved Shares under the Preferential Offering
“ BLUE Application Form(s)”	the application form for the Reserved Shares for use by the Qualifying Shareholders under the Preferential Offering
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, a Sunday or a public holiday in Hong Kong.

“BVI”	British Virgin Islands
“Capitalisation Issue”	the proposed allotment and issue of the Xinyi Solar Shares by Xinyi Solar, credited as fully paid, to Xinyi Glass (Hong Kong) as part of and conditional upon the Global Offering
“Circular”	the shareholders’ circular dated 21 October 2011 which will be despatched to the Shareholders later today containing, among other things, further information on the Proposed Spin-Off, the Global Offering, the Preferential Offering, the adoption of the Xinyi Solar Share Option Scheme and other related matters
“Company”	Xinyi Glass Holdings Limited (信義玻璃控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 25 June 2004 whose Shares are listed on the Main Board (stock code: 00868) and one of the Xinyi Solar Controlling Shareholders
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at 9:30 a.m., on Wednesday, 9 November 2011 at Chatham Room, Level 7, Conrad Hong Kong Hotel, 88 Queensway, Admiralty, Hong Kong or any adjournment thereof for the purpose of considering and, if thought fit, approving the Proposed Spin-Off, the Global Offering, the Preferential Offering, the adoption of the Xinyi Solar Share Option Scheme and other related arrangements
“Global Offering”	the Hong Kong Public Offering and the International Offering (which includes the Preferential Offering)
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China

“Hong Kong Public Offering”	the offering of the Xinyi Solar Shares for subscription by members of the public in Hong Kong upon and subject to the terms and conditions described in the Xinyi Solar Prospectus and the related application forms (including the BLUE Application Forms)
“Independent Board Committee”	the independent board committee formed by the independent non-executive Directors to advise the Shareholders on the Proposed Spin-Off, the Preferential Offering and the adoption of the Xinyi Solar Share Option Scheme
“Independent Financial Adviser”	Quam Capital Limited, a corporation licensed to carry out type 6 of the regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Shareholders in connection with the Proposed Spin-Off and the Preferential Offering
“International Offering”	the conditional offering of the Xinyi Solar Shares to institutional, professional and/or other investors and the Preferential Offering
“Listing”	the listing of the Xinyi Solar Shares on the Main Board
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date of commencement of dealings in the Xinyi Solar Shares on the Main Board
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	the main board of the Stock Exchange
“major transaction”	has the meaning ascribed to it under the Listing Rules
“Non-Solar Glass Group”	the Company and its subsidiaries (other than members of the Xinyi Solar Glass Group)
“Offer Price”	the final offer price per Xinyi Solar Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee) at which the Xinyi Solar Shares are to be subscribed or purchased under the Global Offering

“Over-allotment Option”	the option expected to be granted by Xinyi Glass (Hong Kong) to the Underwriters, pursuant to which Xinyi Glass (Hong Kong) may be required to sell certain Xinyi Solar Shares at the Offer Price to cover over-allocations in the International Offering
“PRC”	The People’s Republic of China
“Preferential Offering”	the offering of the Reserved Shares to the Qualifying Shareholders at the Offer Price, which forms part of the Global Offering, upon and subject to the terms and conditions stated in the Xinyi Solar Prospectus and in the BLUE Application Form
“Preferential Offering Record Date”	any Business Day announced by the Company pursuant to Rule 13.66 of the Listing Rules, which shall be used in determining the Qualifying Shareholders
“Previous Announcements”	the announcements issued by the Company on the Proposed Spin-Off on 28 February 2011, 7 June 2011 and 20 September 2011
“Proposed Spin-Off”	the proposed spin-off of the business conducted by Xinyi Solar Glass Group through the Global Offering and Listing
“Qualifying Shareholders”	the Shareholders whose names appear on the principal or the branch registers of members of the Company (other than the Xinyi Glass Controlling Shareholders) as of 4:30 p.m. on the Preferential Offering Record Date (Hong Kong time) who shall be entitled to participate in the Preferential Offering
“Record Date”	9 November 2011, being the record date for ascertaining the Shareholders who shall be eligible to attend and vote at the Extraordinary General Meeting
“Reserved Shares”	Xinyi Solar Shares available for subscription by the Qualifying Shareholders under the Preferential Offering
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the registered holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Underwriters”	the underwriters of the Global Offering
“Xinyi Glass Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and, in the context of this announcement, means Mr. LEE Yin Yee, M. H., Realbest Investment Limited, Mr. TUNG Ching Bor, High Park Technology Limited, Mr. TUNG Ching Sai, Copark Investment Limited, Mr. LEE Sing Din, Telerich Investment Limited, Mr. LI Ching Wai, Goldbo International Limited, Mr. NG Ngan Ho, Linkall Investment Limited, Mr. LI Man Yin, Perfect All Investments Limited, Mr. SZE Nang Sze, Goldpine Limited, Mr. LI Ching Leung and Herosmart Holdings Limited
“Xinyi Glass (BVI)”	Xinyi Automobile Glass (BVI) Company Limited, a company incorporated in the BVI on 13 June 2002 and a wholly-owned subsidiary of the Company and one of the Xinyi Solar Controlling Shareholders
“Xinyi Glass (Hong Kong)”	Xinyi Group (Glass) Company Limited (信義集團(玻璃)有限公司), a company incorporated in Hong Kong with limited liability on 2 June 1989 and a wholly-owned subsidiary of the Company and one of the Xinyi Solar Controlling Shareholders
“Xinyi Glass (Tianjin)”	Xinyi Glass (Tianjin) Co., Ltd. (信義玻璃(天津)有限公司), a limited liability company established in the PRC on 2 March 2004 and a wholly-owned subsidiary of the Company
“Xinyi Solar”	Xinyi Solar Holdings Limited (信義光能控股有限公司), a company incorporated on 11 January 2011 in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company as of the date of this announcement

“Xinyi Solar Controlling Shareholders”	the controlling shareholders of Xinyi Solar upon completion of the Proposed Spin-Off, namely the Company, Xinyi Glass (BVI) and Xinyi Glass (Hong Kong)
“Xinyi Solar (Dongguan Branch)”	Xinyi PV Products (Anhui) Holdings Ltd., Dongguan Branch Company* (信義光伏產業(安徽)控股有限公司 東莞分公司), a branch company of Xinyi Solar (Wuhu) established on 19 January 2011
“Xinyi Solar Glass Group”	Xinyi Solar and Xinyi Solar (Wuhu) and its branch companies
“Xinyi Solar Prospectus”	the prospectus to be issued by Xinyi Solar for the Global Offering and the Listing
“Xinyi Solar Share Option Scheme”	the share option scheme proposed to be adopted by Xinyi Solar which will take effect subject to, among other the Listing becoming unconditional
“Xinyi Solar Shares”	ordinary shares of HK\$0.10 each in the share capital of Xinyi Solar
“Xinyi Solar (Tianjin Branch)”	Xinyi PV Products (Anhui) Holdings Ltd., Tianjin Branch Company* (信義光伏產業(安徽)控股有限公司 天津分公司), a branch company of Xinyi Solar (Wuhu) established on 7 January 2011
“Xinyi Solar (Wuhu)”	Xinyi PV Products (Anhui) Holdings Ltd. (信義光伏產業(安徽)控股有限公司), a limited liability company established in the PRC on 6 March 2007 and a wholly-owned subsidiary of Xinyi Solar
“Xinyi Ultra-clear (Dongguan)”	Xinyi Ultra-clear Photovoltaic Glass (Dongguan) Co., Ltd. (信義超白光伏玻璃(東莞)有限公司), a limited liability company established in the PRC on 13 July 2006 and a wholly-owned subsidiary of the Company

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong
“%” per cent

By Order of the Board
Xinyi Glass Holdings Limited
LEE Yin Yee, M.H.
Chairman

Hong Kong, 21 October 2011

As of 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 and Mr. LI Man Yin, the non-executive Directors are Mr. LI Ching Wai, Mr. SZE Nang Sze, Mr. LI Ching Leung and Mr. NG Ngan Ho, 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.

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.hk.