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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 OF THE LISTING RULES
AND INSIDE INFORMATION PROVISIONS**

**REPURCHASE AND CANCELLATION OF
THE SOLAR WARRANTS
AND WAIVER OF THE RIGHTS IN RELATION TO THE OPTION
TO SUBSCRIBE FOR THE SOLAR BONDS**

POSSIBLE ADJUSTMENT TO THE CONVERSION PRICE

This announcement is made by the Board pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

On 30 August 2013, before trading hours, the Repurchase Agreement has been entered into in relation to, among other things, the repurchase and cancellation of the Solar Warrants by Xinyi Solar, the waiver of the rights in relation to the option to subscribe for the Solar Bonds, and the possible adjustment to the Conversion Price.

The purpose of entering into the Repurchase Agreement is to facilitate the Proposed Listing. As set forth in the 2013 Announcements, the Company intends to apply for spin-off and the Proposed Listing of the solar glass and related business currently operated under Xinyi Solar. Following the review of the published guidance letters issued by the Stock Exchange and consulting with the professional advisers, the Directors consider that the Solar Warrants and the option to subscribe for the Solar Bonds could not survive the Proposed Listing.

The Directors confirm that the Repurchase Price is determined with the Investors on an arm's length basis taking into consideration the original terms and the duration of the Solar Warrants and the option to subscribe for the Solar Bonds. The amount of the Repurchase Price, if paid, is expected to be charged to the reserve of Xinyi Solar. Hence, the transaction is expected to have no impact on the profitability of the Company and Xinyi Solar. Following the Repurchase Closing, the Investors will have no interest in the shares of Xinyi Solar.

The Proposed Listing, if implemented, may affect the Conversion Price. There will not be any change to the terms and conditions of the Convertible Bonds in relation to the adjustment to the Conversion Price. Any adjustment to the Conversion Price will be made in strict compliance with the adjustment mechanism set forth in the terms and conditions of the Convertible Bonds. Pursuant to the terms and conditions of the Convertible Bonds, certain events or circumstances would result in adjustments to the Conversion Price, which include, but without limitation to, where the Company makes to the shareholders of the Company any dividend in specie and where the Company issues or grants to all or substantially all of the shareholders of the Company any rights to subscribe for or purchase or otherwise acquire any securities. If there is any adjustment to the Conversion Price requiring the determination of a fair market value, the Company will, in accordance with the terms and conditions of the Convertible Bonds, appoint an investment bank acceptable to the Investors for the purpose. The Company will issue further announcement on this as and when appropriate.

The repurchase and cancellation of the Solar Warrants and the waiver of the rights in relation to the option to subscribe for the Solar Bonds under the Repurchase Agreement will constitute a transaction (as defined in Chapter 14 of the Listing Rules) for the Company. As none of the percentage ratios set forth in Rule 14.07 of the Listing Rules is more than five per cent., the Repurchase Agreement does not constitute a notifiable transaction (as defined in Chapter 14 of the Listing Rules) for the Company pursuant to Rule 14.06 of the Listing Rules.

If there is any update on the implementation of the Repurchase Agreement and the Proposed Listing, the Company will issue further announcements as and when required under the Listing Rules.

Shareholders and potential investors of the Shares are advised to exercise caution when dealing in the Shares.

This announcement is made by the Board pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

BACKGROUND INFORMATION

The Board refers to the 2012 Announcement. The Solar Subscription Agreement was entered into on 3 May 2012 in relation to the subscription by the Investors for the Solar Warrants and the option to subscribe for the Solar Bonds. On the same date, the Glass Subscription Agreement was entered into in relation to the subscription by the Investors for, inter alia, the Convertible Bonds. As of the date of this announcement, the option to subscribe for the Solar Bonds has not been exercised, and the Solar Warrants have not been exercised by the Investors or redeemed by Xinyi Solar. The principal amount of the Convertible Bonds of HK\$776.0 million remains unchanged and that no conversion right has been exercised by the Investors since the date of issue of the Convertible Bonds.

REPURCHASE AND CANCELLATION OF THE SOLAR WARRANTS AND WAIVER OF THE RIGHTS IN RELATION TO THE OPTION TO SUBSCRIBE FOR THE SOLAR BONDS

For the reasons set forth below, the Company, Xinyi Solar, and the Investors entered into the Repurchase Agreement for the purpose of implementing the repurchase and cancellation of the Solar Warrants and the waiver of the rights in relation to the option to subscribe for the Solar Bonds. The principal terms of the Repurchase Agreement are as follows:-

Date:	30 August 2013, before trading hours
Parties:	The Company, Xinyi Solar, and the Investors
Purpose:	The Solar Warrants will be repurchased by Xinyi Solar for cancellation and any and all rights in relation to the option to subscribe for the Solar Bonds will also be waived for the duration of the Repurchase Agreement.
Repurchase Price:	HK\$13.0 million payable by Xinyi Solar

<p>Repurchase Closing Date:</p>	<p>One (1) Business Day immediately prior to the date of completion of the Proposed Listing (which in any event will not be later than 30 May 2014) (or any other date as may be agreed). However, if the Stock Exchange requests that the repurchase and cancellation of the Solar Warrants and the waiver of the rights in relation to the option to subscribe for the Solar Bonds be completed on an earlier date, Xinyi Solar will notify the Investors and the Repurchase Closing shall take place one (1) Business Day before such date as requested by the Stock Exchange.</p>
<p>Undertaking by the Investors prior to the Repurchase Closing:</p>	<p>Each of the Investors undertakes to Xinyi Solar that during the period from the date of the Repurchase Agreement to the Repurchase Closing Date, it will not Dispose of or create any encumbrance over any of the Solar Warrants or the option to subscribe for the Solar Bonds and it will not exercise any rights in respect of the Solar Warrants and the option to subscribe for the Solar Bonds.</p>
<p>Rights and obligations under the Subscription Agreement:</p>	<p>Xinyi Solar, the Company, and each of the Investors agree that effective from the date of the Repurchase Agreement and for the duration of the Repurchase Agreement, all rights and obligations of each of them under the Subscription Agreement arising on or after the date of the Repurchase Agreement are suspended.</p>
<p>Termination of the Subscription Agreement and no further claims:</p>	<p>Subject to the Repurchase Closing having taken place, Xinyi Solar, the Company, and each of the Investors agree that the Subscription Agreement will be terminated immediately thereafter and that no further rights or obligations shall arise between Xinyi Solar, the Company, and each of the Investors thereunder.</p>

Subject to the Repurchase Closing having taken place, Xinyi Solar, the Company, and each of the Investors agree to release each other from all Claims, actions, costs, damages and liabilities whatsoever they may have against each other whether before or after the Repurchase Closing Date, arising out of or in connection with any breach of the terms of the Subscription Agreement prior to the Repurchase Closing Date.

Termination of the
Repurchase
Agreement:

The Repurchase Agreement may be terminated on the earlier of (a) termination date as agreed among Xinyi Solar, the Company, and each of the Investors in writing; and (b) upon the occurrence of a non-completion event and that the Investors inform the Company within five (5) Business Days therefrom that they elect to terminate the Repurchase Agreement or that the Investors fail to give any such notice of termination within the five (5) Business Day period.

A “non-completion event” occurs if: -

- (i) the Company publicly announces that it has decided not to pursue the Proposed Listing or to cease or suspend the Proposed Listing and the Company gives notice to the Investors of such announcement in accordance with the Repurchase Agreement;
- (ii) the Repurchase Closing is not completed on or prior to 30 May 2014 (or any date as may be agreed); or
- (iii) the Repurchase Closing has been completed but there is no Proposed Listing taking place on or prior to 30 May 2014 (or any date as may be agreed).

Upon the occurrence of a non-completion event, the Investors shall at their sole discretion inform Xinyi Solar by written notice within five (5) Business Days whether they want to terminate the Repurchase Agreement or re-affirm or proceed with the Repurchase Closing notwithstanding that completion of the Proposed Listing has not occurred.

If the Repurchase Agreement is terminated, all obligations of Xinyi Solar, the Company and the Investors under the Repurchase Agreement shall terminate and be of no further effect, provided that termination of the Repurchase Agreement shall be without prejudice to any accrued rights, remedies, obligations or liabilities of the parties existing at expiry or termination.

If the Repurchase Agreement is terminated, Xinyi Solar, the Company and the Investors agree that:

(A) (where the Repurchase Closing and the Proposed Listing have not been completed) such termination shall be without prejudice to the rights and obligations of each party under the Solar Warrants and the Solar Subscription Agreement including the right in relation to the option to subscribe for the Solar Bonds as if the Repurchase Agreement had never come into effect; and

(B) (where the Repurchase Closing is completed but the Proposed Listing is not completed) all rights and obligations of each party under inter alia, the Solar Warrants and the Solar Subscription Agreement including the right in relation to the option to subscribe for the Solar Bonds shall be automatically re-issued, re-created and/or re-instated to the position immediately prior to the execution of the Repurchase Agreement as if the Repurchase Agreement had never come into effect and, on or prior to the day falling 15 Business Days after the notice given by the Investors to terminate the Repurchase Agreement or, as the case may be, after the final day that the Investors may give such notice (or such later date as the parties may otherwise agree in writing), the Investors will refund to Xinyi Solar the Repurchase Price and against such refund, Xinyi Solar and the Company shall promptly deliver to the Investors originals of all re-executed agreements, instruments, certificates and other necessary documents.

Governing law: Hong Kong law

POSSIBLE ADJUSTMENT TO THE CONVERSION PRICE

Pursuant to the Glass Subscription Agreement, upon full conversion of the principal amount of the Convertible Bonds at the initial Conversion Price, an aggregate of 129,333,333 Shares would be allotted and issued by the Company to the Investors. This number of Shares will be adjusted from time to time, subject to the terms and conditions of the Convertible Bonds.

The Proposed Listing, if implemented, may affect the Conversion Price. There will not be any change to the terms and conditions of the Convertible Bonds in relation to the adjustment to the Conversion Price. Any adjustment to the Conversion Price will be made in strict compliance with the adjustment mechanism set forth in the terms and conditions of the Convertible Bonds. Pursuant to the terms and conditions of the Convertible Bonds, certain events or circumstances would result in adjustments to the Conversion Price, which include, but without limitation to, where the Company makes to the Shareholders any dividend in specie and where the Company issues or grants to all or substantially all of the Shareholders any rights to

subscribe for or purchase or otherwise acquire any securities. If there is any adjustment to the Conversion Price requiring the determination of a fair market value, the Company will, in accordance with the terms and conditions of the Convertible Bonds, appoint an investment bank acceptable to the Investors for the purpose. The Company will instruct the investment bank to determine the fair market value of the relevant shares in good faith and in a commercially reasonable manner after taking into account the market approach and income approach business valuation methods, the current and future prospects of Xinyi Solar and its business and any other relevant factors deemed to be fair and appropriate by such investment bank. The Company shall, so far as permitted by applicable law, provide such investment bank such information as it reasonably requires for the purpose.

REASONS FOR AND BENEFIT OF ENTERING INTO THE REPURCHASE AGREEMENT

As set forth in the 2013 Announcements, the Company intends to apply for spin-off and the Proposed Listing of the solar glass and related business currently operated under Xinyi Solar. Following the review of the published guidance letters issued by the Stock Exchange and consulting with the professional advisers, the Directors consider that the Solar Warrants and the option to subscribe for the Solar Bonds could not survive the Proposed Listing. As of the date of this announcement, the option to subscribe for the Solar Bonds has not been exercised, and the Solar Warrants have not been exercised by the Investors or redeemed by Xinyi Solar. The principal amount of the Convertible Bonds of HK\$776.0 million remains unchanged and that no conversion right has been exercised by the Investors since the date of issue of the Convertible Bonds. On this basis and for the purpose of facilitating the Proposed Listing, following discussion with the Investors on an arm's length basis, the Repurchase Agreement has been entered into, whereby Xinyi Solar has agreed to repurchase from the Investors the Solar Warrants for cancellation and the Investors would waive all rights in relation to the option to subscribe for the Solar Bonds in consideration of the Repurchase Price.

The Directors confirm that the Repurchase Price is determined with the Investors on an arm's length basis taking into consideration the original terms and the duration of the Solar Warrants and the option to subscribe for the Solar Bonds. The amount of the Repurchase Price, if paid, is expected to be charged to the reserve of Xinyi Solar. Hence, the transaction is expected to have no impact on the profitability of the Company and Xinyi Solar. Following the Repurchase Closing, the Investors will have no interest in the shares of Xinyi Solar.

IMPLICATIONS UNDER THE LISTING RULES

The repurchase and cancellation of the Solar Warrants and the waiver of the rights in relation to the option to subscribe for the Solar Bonds under the Repurchase Agreement will constitute a transaction (as defined in Chapter 14 of the Listing Rules) for the Company. As none of the percentage ratios set forth in Rule 14.07 of the Listing Rules is more than five per cent., the Repurchase Agreement does not constitute a notifiable transaction (as defined in Chapter 14 of the Listing Rules) for the Company pursuant to Rule 14.06 of the Listing Rules.

If there is any update on the implementation of the Repurchase Agreement and the Proposed Listing, the Company will issue further announcements as and when required under the Listing Rules.

GENERAL INFORMATION

As of the date of this announcement, the Group is principally engaged in the production and sale of high quality float glass products, solar glass products, automobile glass products and energy saving construction glass products in the global market. Except for their interest in the Solar Warrants, the option to subscribe for the Solar Bonds, and the Convertible Bonds, the Directors confirm that to the best of their knowledge, the Investors are third parties independent from the Directors and the controlling shareholders (as defined in the Listing Rules) and their respective associates (as defined in the Listing Rules).

Shareholders and potential investors of the Shares are advised to exercise caution when dealing in the Shares.

DEFINITIONS USED IN THIS ANNOUNCEMENT

Unless the context requires otherwise, the capitalised terms used herein shall have the meanings set forth below:-

“2012 Announcement”	the announcement issued by the Company on 3 May 2012 on, inter alia, the issue of the Convertible Bonds, the Solar Warrants, and the option to subscribe for the Solar Bonds;
“2013 Announcements”	the announcements issued by the Company on 28 February 2013 and 23 July 2013 on the Directors’ resolutions to re-commence the Proposed Listing;
“Board”	the board of Directors;

“Business Days”	means a day (other than Saturday, Sunday or public holiday in Hong Kong or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks and stock markets are open for general business in Hong Kong;
“Claims”	means any claim, counterclaim, assessment, notice, demand or other documents issued or action taken;
“Company”	Xinyi Glass Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange;
“Conversion Price”	the conversion price of the Convertible Bonds initially at HK\$6.0 per Share (subject to adjustment pursuant to the terms and conditions of the Convertible Bonds);
“Convertible Bonds”	the zero coupon convertible bonds due 2017 issued by the Company on 10 May 2012 to the Investors in the principal amount of HK\$776.0 million;
“Directors”	directors of the Company;
“Dispose”	means to make or to effect any sale, assignment, exchange, transfer, or to grant any option, right of first refusal or other right or interest whatsoever or to enter into agreement for any of the same and the expression “Disposal” shall be construed accordingly;
“Glass Subscription Agreement”	the subscription agreement dated 3 May 2012 entered into between the Company and the Investors in respect of the Convertible Bonds;
“Group”	the Company and its subsidiaries (which include Xinyi Solar);
“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;

“Investors”	Sculptor Finance (MD) Ireland Limited, Sculptor Finance (AS) Ireland Limited and Sculptor Finance (SI) Ireland Limited;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Proposed Listing”	the proposed listing of the solar glass and related business currently operated under Xinyi Solar on the main board of the Stock Exchange;
“Repurchase Agreement”	the Repurchase Agreement entered into between the Company, Xinyi Solar, and the Investors on 30 August 2013, before trading hours, for the purpose of, among other things, confirming the repurchase and cancellation of the Solar Warrants, the waiver of the rights in relation to the option to subscribe for the Solar Bonds, and the possible adjustment to the Conversion Price;
“Repurchase Closing”	completion of the repurchase of the Solar Warrants by Xinyi Solar and the cancellation of the Solar Warrants and waiver of the rights in relation to the option to subscribe for the Solar Bonds;
“Repurchase Closing Date”	the date on which Repurchase Closing occurs;
“Repurchase Price”	an amount of HK\$13.0 million payable by Xinyi Solar under the Repurchase Agreement;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	shareholder of the Company;
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company;
“Solar Bonds”	the zero coupon guaranteed variable maturity bonds that may be subscribed by the Investors up to the principal amount of HK\$223.0 million pursuant to the terms and conditions of the Solar Subscription Agreement;

“Solar Subscription Agreement”	the subscription agreement dated 3 May 2012 entered into between the Company, Xinyi Solar, and the Investors in respect of the Solar Warrants and the option to subscribe for the Solar Bonds;
“Solar Warrants”	the 98,087,881 warrants issued by Xinyi Solar to the Investors pursuant to the warrant instrument dated 10 May 2012 (as amended and supplemented by the First Supplemental Warrant Instrument dated 1 June 2012);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Xinyi Solar”	Xinyi Solar Holdings Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company as of the date of this announcement.

This announcement is made by the order of the Board, and the Directors individually and jointly accept responsibility for the accuracy of the contents of this announcement.

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

Hong Kong, 30 August 2013

** For identification purpose only*

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, 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, Mr. WONG Ying Wai, S.B.S., JP., Mr. TRAN Chuen Wah, John and Mr. TAM Wai Hung, David.