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XINYI GLASS HOLDINGS LIMITED

信義玻璃控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock code: 00868)

PROPOSED SPIN-OFF AND LISTING BY WAY OF INTRODUCTION OF XINYI AUTOMOBILE GLASS HONG KONG ENTERPRISES LIMITED ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

This announcement is made pursuant to paragraph 3(g) of Practice Note 15 of the Listing Rules.

The Board refers to the announcement of the Company dated 28 July 2015 on the Spin-Off and the Listing and is pleased to announce that on 16 December 2015, the listing application (Form 5A) was submitted to the Stock Exchange for an application for the listing of, and permission to deal in, the Xinyi Enterprises Shares on GEM.

The Listing is proposed to be completed by way of introduction (as defined in Chapter 10 of the GEM Listing Rules). The Board currently proposes to distribute all Xinyi Enterprises Shares to the Shareholders on a pro rata basis by way of special interim dividend to be declared by the Company.

The Spin-Off and the Listing will not involve any offering of new Xinyi Enterprises Shares or any other securities. Neither the Company nor Xinyi Automobile Glass Enterprises will offer any share for purchase or subscription as part of the Spin-Off and the Listing. Immediately following completion of the Spin-Off and the Listing, the Company will cease to be a shareholder of Xinyi Automobile Glass Enterprises.

The Spin-Off will constitute a deemed disposal by the Company of Xinyi Automobile Glass Enterprises. As none of the applicable percentage ratios (as defined under the Listing Rules) is expected to exceed five per cent., based on the latest financial information, the Spin-Off will not constitute a notifiable transaction for the Company under the Listing Rules. Nevertheless, the Extraordinary General Meeting will be convened for the purpose of considering and if thought fit, approving the Deed of Non-Competition and the Post-Listing Share Option Scheme. The Company will issue further announcements for the Extraordinary General Meeting.

A redacted version of the application proof of the listing document of Xinyi Automobile Glass Enterprises is available for review and can be downloaded from the Stock Exchange's website at <http://www.hkexnews.hk/app/GEMAPPMainIndex.htm>.

Further information on the Spin-Off and the Listing, including their structure and the expected timetable, have yet to be finalised.

Shareholders and public investors should note that there is no assurance that the approval for the Listing by the Listing Division will be granted.

The final structure of the Spin-Off and the Listing are subject to, among other things, the approval of the Stock Exchange, the final decision of the Board and such other factors as the Board may consider appropriate. Accordingly, Shareholders and potential investors should note that there is no assurance that the Spin-Off and the Listing will take place and, if so, when the Spin-Off and the Listing will take place.

Shareholders and potential investors should exercise caution when dealing in or investing in the securities of the Company.

The Company will make further announcement(s) on the Spin-Off and the Listing in compliance with the requirements of the Listing Rules as and when appropriate.

INTRODUCTION

This announcement is made pursuant to paragraph 3(g) of Practice Note 15 of the Listing Rules.

The Board refers to the announcement of the Company dated 28 July 2015 on the Spin-Off and the Listing and is pleased to announce that on 16 December 2015, the listing application (Form 5A) was submitted to the Stock Exchange for an application for the listing of, and permission to deal in, the Xinyi Enterprises Shares on GEM.

LISTING BY WAY OF INTRODUCTION

The Listing is proposed to be completed by way of introduction (as defined in Chapter 10 of the GEM Listing Rules). The Board currently proposes to distribute all Xinyi Enterprises Shares to the Shareholders on a pro rata basis by way of special interim dividend to be declared by the Company.

The Spin-Off and the Listing will not involve any offering of new Xinyi Enterprises Shares or any other securities. Neither the Company nor Xinyi Automobile Glass Enterprises will offer any share for purchase or subscription as part of the Spin-Off and the Listing. Immediately following completion of the Spin-Off and the Listing, the Company will cease to be a shareholder of Xinyi Automobile Glass Enterprises.

Xinyi Automobile Glass Enterprises has appointed RHB Capital Hong Kong Limited as the sole sponsor to the Listing.

REASONS FOR AND BENEFITS OF THE SPIN-OFF AND THE LISTING

The Board believes that the Spin-Off and the Listing will be beneficial to the Group and Xinyi Automobile Glass Enterprises by:

- (a) creating Xinyi Automobile Glass Enterprises as an investment opportunity for new investors and unlock the value for the Shareholders by better identifying and establishing the stand-alone corporate value of the business of Xinyi Automobile Glass Enterprises;
- (b) leading to a direct alignment of the responsibilities and accountability of the management of Xinyi Automobile Glass Enterprises with its operating and financial performance and enhancing the management focus, better allocation of resources, more efficient decision making process and faster responsiveness to the market changes on the business of Xinyi Automobile Glass Enterprises;

- (c) increasing the operational and financial transparency of Xinyi Automobile Glass Enterprises, through which investors would be able to appraise and assess the performance and the potential of Xinyi Automobile Glass Enterprises as a separate entity, and allowing Xinyi Automobile Glass Enterprises to target its own investor base, more effectively, which is expected to improve the capital raising and capital allocation on a competitive basis to enhance growth;
- (d) enabling Xinyi Automobile Glass Enterprises to access to equity and debt capital markets and to secure banking facilities directly and independently, which are expected to increase the financing flexibility to achieve its business strategies; and
- (e) enhancing the corporate profile of Xinyi Automobile Glass Enterprises amongst its customers, suppliers and other business partners and its ability to recruit, motivate and retain key management personnel and enjoying greater flexibility in making acquisitions by using Xinyi Enterprises Shares as acquisition currency.

The Spin-Off and the Listing are designed to facilitate the future growth of Xinyi Automobile Glass Enterprises. As the Spin-Off will be implemented by way of the Xinyi Glass Distribution, the Shareholders will continue to enjoy the benefit from the development of the business of the Group as well as the benefit from the future business development of Xinyi Automobile Glass Enterprises so long as they remain as the Shareholders and the shareholders of Xinyi Automobile Glass Enterprises.

CONDITIONS PRECEDENT FOR THE SPIN-OFF AND THE LISTING

The Spin-Off will be implemented in compliance with the articles of association of the Company and the Listing Rules. According to the Listing Rules, approval by the Shareholders will not be required for the Spin-Off. The Xinyi Glass Distribution is not subject to the approval by the Shareholders under article 155 of its articles of association. However, the Deed of Non-Competition and the adoption of the Post-Listing Share Option Scheme by Xinyi Automobile Glass Enterprises will be subject to the approval of the Shareholders at the Extraordinary General Meeting.

The Spin-Off and the Listing are conditional upon:

- (a) the Shareholders approving the Deed of Non-Competition and the adoption of the Post-Listing Share Option Scheme by Xinyi Automobile Glass Enterprises at the Extraordinary General Meeting;
- (b) the Stock Exchange approving the Spin-Off; and

- (c) the Listing Division granting the listing of, and permission to deal in, the Xinyi Enterprises Shares in issue and to be issued pursuant to the exercise of any option that may be granted under the Post-Listing Share Option Scheme on GEM.

The Stock Exchange may impose such other conditions from time to time, and the Company will make announcement(s) in compliance with the requirements under the Listing Rules as and when appropriate.

DELINEATION OF BUSINESS BETWEEN THE GROUP AND XINYI AUTOMOBILE GLASS ENTERPRISES

Prior to completion of the Spin-Off and the Listing, the business of Xinyi Automobile Glass Enterprises was part of the automobile glass business segment of the Group. The other two business segments of the Group are construction glass and float glass. Following completion of the Spin-Off and the Listing, the Group will continue to focus on these two segments as well as the automobile glass wholesale business to automobile glass wholesalers and manufacturers around the world. Xinyi Automobile Glass Enterprises will focus on the provision of vehicle glass repairs and replacement services in Hong Kong as part of its business strategies.

IMPLICATIONS UNDER THE LISTING RULES

The Spin-Off will constitute a deemed disposal by the Company of all Xinyi Enterprises Shares. As none of the applicable percentage ratios (as defined under the Listing Rules) is expected to exceed five per cent., based on the latest financial information, the Spin-Off will not constitute a notifiable transaction for the Company under the Listing Rules. Nevertheless, the Extraordinary General Meeting will be convened for the purpose of considering and if thought fit, approving the Deed of Non-Competition and the Post-Listing Share Option Scheme. The Company will issue further announcements for the Extraordinary General Meeting.

FURTHER INFORMATION ON THE SPIN-OFF AND THE LISTING

A redacted version of the application proof of the listing document of Xinyi Automobile Glass Enterprises is available for review and can be downloaded from the Stock Exchange's website at <http://www.hkexnews.hk/app/GEMAPPMainIndex.htm>.

Further information on the Spin-Off and the Listing, including their structure and the expected timetable, have yet to finalised.

Shareholders and public investors should note that there is no assurance that the approval for the Listing by the Listing Division will be granted.

The final structure of the Spin-Off and the Listing are subject to, among other things, the approval of the Stock Exchange, the final decision of the Board and such other factors as the Board may consider appropriate. Accordingly, Shareholders and potential investors should note that there is no assurance that the Spin-Off and the Listing will take place and, if so, when the Spin-Off and the Listing will take place.

Shareholders and potential investors should exercise caution when dealing in or investing in the securities of the Company.

The Company will make further announcement(s) on the Spin-Off and the Listing in compliance with the requirements of the Listing Rules as and when appropriate.

DEFINITIONS USED IN THIS ANNOUNCEMENT

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

“Board”	the board of directors of the Company;
“Company”	Xinyi Glass Holdings Limited (信義玻璃控股有限公司), a company incorporated in the Cayman Islands with limited liability on 25 June 2004 with all of its shares listed on the Main Board (Stock code: 00868) and the holding company of Xinyi Automobile Glass Enterprises prior to completion of the Spin-Off and the Listing;
“Deed of Non-Competition”	the conditional deed of non-competition to be entered into by, amongst others, the Company in favour of Xinyi Automobile Glass Enterprises;
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held for the purpose of considering and if thought fit, approving the Deed of Non-Competition and the adoption of the Post-Listing Share Option Scheme by Xinyi Automobile Glass Enterprises;

“GEM”	The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited;
“GEM Listing Rules”	The Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited;
“Group”	the Company and its subsidiaries (other than Xinyi Automobile Glass Enterprises and its subsidiaries);
“Listing”	the listing of Xinyi Enterprises Shares on GEM;
“Listing Division”	the listing division of the Stock Exchange;
“Listing Rules”	The Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited;
“Post-Listing Share Option Scheme”	the share option scheme to be conditionally adopted by Xinyi Automobile Glass Enterprises and approved by the Shareholders at the Extraordinary General Meeting;
“Shareholders”	the shareholders of the Company;
“Shares”	ordinary share(s) in the share capital of the Company of par value of HK\$0.1 each;
“Spin-Off”	the spin-off of Xinyi Automobile Glass Enterprises to be effected by way of the Xinyi Glass Distribution;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Xinyi Automobile Glass Enterprises”	Xinyi Automobile Glass Hong Kong Enterprises Limited (信義汽車玻璃香港企業有限公司), a company incorporated on 18 November 2015 in the Cayman Islands with limited liability, all of its Shares are proposed to be listed on GEM following completion of the Spin-Off and the Listing;
“Xinyi Enterprises Shares”	ordinary share(s) in the share capital of Xinyi Automobile Glass Enterprises of par value of HK\$0.01 each; and

“Xinyi Glass
Distribution”

the proposed conditional special interim dividend declared and distributed by the Company to the Shareholders to be settled (a) by way of distribution in specie of all Xinyi Enterprises Shares in issue to the Shareholders in the proposed proportion of one Xinyi Automobile Glass Share for eight Shares held by them and (b) by way of cash payment (after deducting expenses) to the Shareholders whose registered addresses on the register of members of the Company are outside Hong Kong which in the opinion of the Directors would be necessary or expedient not to distribute to them the Xinyi Enterprises Shares, the amount of which is equal to the net proceeds of the sale by the Company on their behalf of the Xinyi Enterprises Shares to which such Shareholders would otherwise be entitled to receive.

By order of the board of directors of
Xinyi Glass Holdings Limited
Datuk LEE Yin Yee, B.B.S.
Chairman

Hong Kong, 16 December 2015

As of the date of this announcement, the Board comprises four executive Directors, namely Datuk LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Mr. TUNG Ching Sai and Mr. LEE Shing Kan, four non-executive Directors, namely Mr. NG Ngan Ho, Mr. LI Ching Wai, Mr. SZE Nang Sze and Mr. LI Ching Leung, five independent non-executive Directors, namely 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.

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.