信 義 玻 璃 控 股 有 限 公 司

XINYI GLASS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 868)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

The board (the "Board") of directors (the "Directors") of Xinyi Glass Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2007 as follows:

CONDENSED CONSOLIDATED BALANCE SHEET

(All amounts in Hong Kong dollar thousands unless otherwise stated)

		As at	
	Note	**30 June 2007 (Unaudited)**	31 December 2006 (Audited)
ASSETS			
Non-current assets			
Leasehold land and land use rights	5	**127,161**	128,539
Property, plant and equipment	6	**2,026,838**	1,790,017
Deposits for property, plant and equipment		**319,017**	121,109
Available-for-sale financial assets		**500**	500
Interest in an associate		**10,904**	11,932
Deferred income tax assets		**2,608**	3,676
		2,487,028	2,055,773
Current assets			
Inventories		**400,306**	371,081
Trade and other receivables	7	**637,819**	568,938
Amounts due from customers for contract work		**72,740**	61,222
Financial assets at fair value through profit or loss		**9,558**	15,231
Cash and cash equivalents			
Pledged		**10,581**	10,449
Unpledged		**102,316**	162,330
		1,233,320	1,189,251
Total assets		**3,720,348**	3,245,024

	Note	As at 30 June 2007 (Unaudited)	As at 31 December 2006 (Audited)
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	8	**1,011,270**	1,011,270
Other reserves	9	**227,859**	238,433
Retained earnings			
– Proposed dividend		**144,420**	112,326
– Others		**1,041,643**	886,001
		2,425,192	2,248,030
Minority interest		**(717)**	(1,707)
Total equity		**2,424,475**	2,246,323
LIABILITIES			
Non-current liabilities			
Bank borrowings	11	**22,833**	79,917
		22,833	79,917
Current liabilities			
Trade and other payables	10	**676,207**	570,749
Amount due to customers on contract work		**344**	1,165
Bank borrowings	11	**584,917**	334,667
Current income tax liabilities		**11,572**	12,203
		1,273,040	918,784
Total liabilities		**1,295,873**	998,701
Total equity and liabilities		**3,720,348**	3,245,024
Net current (liabilities)/assets		**(39,720)**	270,467
Total assets less current liabilities		**2,447,308**	2,326,240

CONDENSED CONSOLIDATED INCOME STATEMENT

(All amounts in Hong Kong dollar thousands unless otherwise stated)

		Unaudited Six months ended 30 June	
	Note	**2007**	2006
Sales	4	**1,224,197**	701,579
Cost of sales	12	**(731,559)**	(446,868)
Gross profit		**492,638**	254,711
Other revenue	4	**16,491**	9,143
Other gains		**25,351**	8,370
Selling and marketing costs	12	**(142,768)**	(76,030)
Administrative expenses	12	**(60,581)**	(51,053)
Operating profit		**331,131**	145,141
Finance income		**1,609**	1,533
Finance costs	13	**(13,971)**	(1,217)
Share of associate's results		**556**	(113)
Profit before income tax		**319,325**	145,344
Income tax expense	14	**(18,251)**	(7,151)
Profit for the period		**301,074**	138,193
Attributable to:			
Equity holders of the Company		**300,062**	140,030
Minority interest		**1,012**	(1,837)
		301,074	138,193
Interim dividend		**144,420**	64,186
Earnings per Share for profit attributable to the equity holders of the Company during the period (expressed in HK cents per share)		**HK cents per Share**	**HK cents per Share**
– basic	16	**18.7**	9.0
– diluted	16	**18.7**	9.0

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in Hong Kong dollar thousands unless otherwise stated)

		Unaudited				
		Attributable to equity holders of the Company				
	Note	Share capital	Other reserves	Retained earnings	Minority interest	Total
Balance at 1 January 2006		824,975	122,493	800,094	2,517	1,750,079
Currency translation differences		—	(2,228)	—	—	(2,228)
Profit for the period		—	—	140,030	(1,837)	138,193
		824,975	120,265	940,124	680	1,886,044
Proceeds from Shares issued		191,326	—	—	—	191,326
Share issuance costs		(4,977)	—	—	—	(4,977)
Contribution from minority shareholders		—	—	—	610	610
Dividends paid to minority shareholders		—	—	—	(2,412)	(2,412)
Share-base payment		—	545	—	—	545
Dividends relating to 2005	15	—	—	(77,147)	—	(77,147)
		186,349	545	(77,147)	(1,802)	107,945
Balance at 30 June 2006		1,011,324	120,810	862,977	(1,122)	1,993,989
Balance at 1 January 2007		1,011,270	238,433	998,327	(1,707)	2,246,323
Currency translation differences		—	(11,162)	—	(22)	(11,184)
Profit for the period		—	—	300,062	1,012	301,074
		1,011,270	227,271	1,298,389	(717)	2,536,213
Share-base payment		—	588	—	—	588
Dividends relating to 2006	15	—	—	(112,326)	—	(112,326)
		—	588	(112,326)	—	(111,738)
Balance at 30 June 2007		1,011,270	227,859	1,186,063	(717)	2,424,475

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(All amounts in Hong Kong dollar thousands unless otherwise stated)

		Unaudited Six months ended 30 June	
	Note	**2007**	2006
Cash flows from operating activities			
Cash generated from operations		**391,945**	150,720
Interest paid		**(17,048)**	(9,453)
Income tax paid		**(17,814)**	(13,172)
Net cash generated from operating activities		**357,083**	128,095
Cash flows from investing activities			
Payment for capital expenditure		**(494,325)**	(214,548)
Proceeds from disposals of property, plant and equipment		**15**	1,729
Purchase of financial assets at fair value through profit or loss		**(32,920)**	(17,290)
Disposal of financial assets at fair value through profit or loss		**37,416**	—
Loans advances to an associate		**(7,270)**	—
Loans repayments from an associate		**8,854**	—
Acquisition of subsidiary and business		**—**	(2,826)
Interest received		**1,609**	1,533
Net cash used in investing activities		**(486,621)**	(231,402)
Cash flows from financing activities			
Net proceeds from new Shares issued		**—**	186,349
Proceeds from short-term bank borrowings		**266,000**	19,231
Repayments of short-term bank borrowings		**(50,000)**	(20,000)
Repayments of long-term bank borrowings		**(22,834)**	—
Contribution from minority shareholders		**—**	610
Decrease in pledged bank deposits		**(132)**	665
Dividends paid to Company's equity holders	15	**(112,326)**	(77,147)
Dividends paid to minority shareholders		**—**	(2,412)
Net cash generated from financing activities		**80,708**	107,296
Net (decrease)/increase in cash and cash equivalents		**(48,830)**	3,989
Cash and cash equivalents at beginning of the year		**162,330**	129,779
Exchange difference on cash and cash equivalents		**(11,184)**	(2,228)
Cash and cash equivalents at 30 June		**102,316**	131,540

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(All amounts in Hong Kong dollar thousands unless otherwise stated)

1 GENERAL INFORMATION

The Company and the Group is principally engaged in the production and sales of automobile, construction and float glass products, which are carried out internationally, through production complexes located in the PRC.

The Company was incorporated in the Cayman Islands on 25 June 2004 as an exempted company with limited liability under the Company Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Island (the "Cayman Companies Law"). The ordinary shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 3 February 2005.

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2007 is presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The address of the principal place of business in Hong Kong is 95-99 Fuk Hi Street, Yuen Long Industrial Estate, Yuen Long, New Territories, Hong Kong.

This unaudited condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated and has been approved for publication by the Board of Directors on 13 August 2007.

2 BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2007 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim financial reporting' and should be read in conjunction with the annual financial statements for the year ended 31 December 2006.

3 ACCOUNTING POLICIES

The accounting policies applied in preparing this unaudited condensed consolidated interim financial information are consistent with those applied in preparing the financial statements for the year ended 31 December 2006.

4 SEGMENT INFORMATION

The Group is principally engaged in the production and sale of automobile, construction and float glass products. Revenues recognized by the Group are as follows:

	For the six months ended 30 June	
	2007	2006
Turnover		
Sales of goods	**1,177,900**	674,267
Construction contract revenue	**46,297**	27,312
	1,224,197	701,579
Other revenue		
Government grant *(Note)*	**14,110**	7,192
Rental income	**1,881**	821
Royalty income	**500**	1,130
	16,491	9,143

Note:

These amounts represent government grants given to a subsidiary of the Group in form of "tax refund on reinvestment" in relation to the Group's re-investment of dividends declared by a subsidiary in PRC and received by a subsidiary in PRC as additional capital contributions. Such grants were approved by the local tax bureau in accordance with relevant tax law of PRC.

Other gains

Other gains represent mainly net gain on disposal of other financial assets at fair value through profit or loss.

PRIMARY REPORTING FORMAT - BUSINESS SEGMENTS

At 30 June 2007, the Group was organized into three main business segments:

Automobile glass	—	Manufacturing and sales of automobile glass
Construction glass	—	Manufacturing, sales and installation of construction glass
Float glass	—	Manufacturing and sales of float glass

The segment results for the period ended 30 June 2007 are as follows:

	Automobile glass (Unaudited)	Construction glass (Unaudited)	Float glass (Unaudited)	Group (Unaudited)
Sale				
Total gross segment sales	787,093	256,993	441,945	1,486,031
Inter-segment sales	—	—	(261,834)	(261,834)
External sales	787,093	256,993	180,111	1,224,197
Segment results	216,798	49,188	39,255	305,241
Unallocated other gain				41,453
Unallocated costs				(15,563)
Operating profits				331,131
Finance income				1,609
Finance costs *(Note 13)*				(13,971)
Share of associate's results			556	556
Profit before income tax				319,325
Income tax expense *(Note 14)*				(18,251)
Profit for the period				301,074

The segment results for the period ended 30 June 2006 are as follows:

	Automobile glass (Unaudited)	Construction glass (Unaudited)	Float glass (Unaudited)	Group (Unaudited)
Sale				
Total gross segment sales	518,289	178,223	14,530	711,042
Inter-segment sales	—	—	(9,463)	(9,463)
External sales	518,289	178,223	5,067	701,579
Segment results	111,626	30,124	(6,329)	135,421
Unallocated other gain				17,138
Unallocated costs				(7,418)
Operating profits				145,141
Finance income				1,533
Finance costs *(Note 13)*				(1,217)
Share of associate's results				(113)
Profit before income tax				145,344
Income tax expense *(Note 14)*				(7,151)
Profit for the period				138,193

Other segment terms included in the income statements are as follows:

	Six months ended 30 June 2007				
	Automobile glass	**Construction glass**	**Float glass**	**Unallocated**	**Group**
Depreciation *(Note 6)*	**26,676**	**9,000**	**26,661**	**24**	**62,361**
Amortisation *(Note 5)*	**624**	**144**	**411**	**199**	**1,378**

	Six months ended 30 June 2006				
	Automobile glass	Construction glass	Float glass	Unallocated	Group
Depreciation	21,859	9,129	4,714	24	35,726
Amortisation	521	74	732	—	1,327

The segment assets and liabilities at 30 June 2007 and capital expenditure for the six months ended 30 June 2007 then ended are as follows:

	Automobile glass	**Construction glass**	**Float glass**	**Unallocated**	**Group**
Assets	1,410,053	489,049	1,775,162	35,180	3,709,444
Associate	—	—	10,904	—	10,904
Total assets	1,410,053	489,049	1,786,066	35,180	3,720,348
Total liabilities	638,999	109,726	161,767	385,381	1,295,873
Capital expenditure	47,595	16,223	433,520	64	497,402

The segment assets and liabilities at 31 December 2006 and capital expenditure for the six months ended 30 June 2006 are as follows:

	Automobile glass	Construction glass	Float glass	Unallocated	Group
Assets	1,267,619	551,157	1,319,645	94,671	3,233,092
Associate	—	—	11,932	—	11,932
Total assets	1,267,619	551,157	1,331,577	94,671	3,245,024
Total liabilities	438,156	154,128	109,132	297,285	998,701
Capital expenditure	42,751	3,353	168,370	74	214,548

Segment assets consist primarily of leasehold land and land use rights, property, plant, equipment, inventories, receivables and operating cash.

Capital expenditure comprises additions to for property, plant, equipment, leasehold land, land use rights and deposits for property, plant and equipments.

SECONDARY REPORTING FORMAT - GEOGRAPHICAL SEGMENTS

The Group's revenue is mainly derived from customers located in the Greater China (including PRC, Hong Kong and Taiwan) and North America while the Group's business activities are conducted predominately in the Greater China. The following table provides an analysis of the Group's sales by geographical location of its customers.

Sales

	For the six months ended 30 June	
	2007	2006
Greater China *(Note (a))*	**478,778**	262,676
North America	**444,276**	286,157
Europe	**117,417**	33,111
Australia and New Zealand	**60,518**	45,058
Other countries *(Note (b))*	**123,208**	74,577
	1,224,197	701,579

Notes:

(a) Greater China includes the PRC, Hong Kong and Taiwan.

(b) Other countries included countries in Africa, South America, Asia (other than Greater China and Hong Kong) and Middle East.

The following is an analysis of the carrying amount of segment assets and capital expenditure by the geographical area in which the assets are located.

Total assets

	As at	
	30 June 2007	31 December 2006
PRC	**3,177,272**	2,837,241
Hong Kong	**516,612**	392,734
Canada	**25,493**	14,454
Japan	**971**	595
	3,720,348	3,245,024

Capital expenditures

	For the six months ended 30 June	
	2007	2006
PRC	**400,910**	214,200
Hong Kong	**96,312**	155
Canada	**125**	148
Japan	**55**	45
	497,402	214,548

5 LEASEHOLD LAND AND LAND USE RIGHTS

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book value are analysed as follows:

	As at	
	30 June 2007	31 December 2006
In Hong Kong, held on:		
Leases of between 10 to 50 years	**3,928**	3,977
Outside Hong Kong, held on:		
Land use rights of between 10 to 50 years	**123,233**	124,562
	127,161	128,539

	As at	
	30 June 2007	31 December 2006
Opening	**128,539**	120,785
Exchange difference	**—**	4,669
Additions	**—**	5,779
Amortisation	**(1,378)**	(2,694)
	127,161	128,539

6 PROPERTY, PLANT AND EQUIPMENT

	Construction in progress	Buildings	Plant and machinery	Office equipment	Total
Opening net book amount as at 1 January 2007	114,214	484,363	1,180,590	10,850	1,790,017
Additions	279,993	81	18,541	879	299,494
Transfer upon completion	(56,891)	40,394	16,457	40	—
Disposals	—	—	(310)	(2)	(312)
Depreciation	—	(9,222)	(51,604)	(1,535)	(62,361)
Closing net book amount as at 30 June 2007	337,316	515,616	1,163,674	10,232	2,026,838

7 TRADE AND BILLS RECEIVABLES

	As at	
	30 June 2007	31 December 2006
Trade receivables *(Note (a))*	**498,959**	445,586
Bills receivables *(Note (b))*	**39,604**	45,363
	538,563	490,949
Less: provision for impairment of receivables *(Note (c))*	**(4,498)**	(4,207)
Trade and bills receivables - net	**534,065**	486,742
Prepayment, deposits and other receivables	**103,754**	82,196
	637,819	568,938

(a) The ageing analysis of the Group's trade receivables is as follow:

	As at	
	30 June 2007	31 December 2006
0 - 90 days	**425,821**	366,374
91 - 180 days	**24,876**	46,138
181 - 365 days	**31,968**	15,808
1 - 2 years	**13,700**	16,208
Over 2 years	**2,594**	1,058
	498,959	445,586

(b) Bills receivable have maturities ranging from 3 to 6 months.

(c) The carrying amounts of trade and other receivables approximate their fair values.

8 SHARE CAPITAL

	Number of Shares	Ordinary shares of HK$0.1 each	Share premium	Total
Authorised:				
At 30 June 2007 and 31 December 2006	2,500,000,000	250,000	—	250,000
Issued and fully paid:				
At 1 January 2007 and 30 June 2007	1,604,662,000	160,466	850,804	1,011,270

Notes:

Details of share options granted by the Company pursuant to the share option schemes adopted by the Company and the share options outstanding at 30 June 2007 are as follows:

Grant date	Exercise price HK$	Exercisable period	As at 01/01/2007	Lapsed	As at 30/06/2007
27 January 2006	2.15	28/01/2008-26/01/2009	7,950,000	(40,000)	7,910,000

9 OTHER RESERVES

	Statutory reserve fund	Enterprise expansion fund	Translation	Capital reserve	Share option reserve	Total
Balance at 1 January 2007	101,627	40,463	83,428	11,840	1,175	238,433
Currency translation differences	—	—	(11,162)	—	—	(11,162)
Share-base payment	—	—	—	—	588	588
	—	—	(11,162)	—	588	(10,574)
Balance at 30 June 2007	**101,627**	**40,363**	**72,266**	**11,840**	**1,763**	**227,859**

10 TRADE AND OTHER PAYABLES

	As at	
	30 June 2007	31 December 2006
Trade payables *(Note (a))*	**151,939**	103,405
Bills payables *(Note (b))*	**299,160**	238,710
	451,099	342,115
Accruals and other payables	**225,108**	228,634
	676,207	570,749

Notes:

(a) The ageing analysis of the trade payables were as follows:

	As At	
	30 June 2007	31 December 2006
0 - 90 days	**147,204**	92,808
91 - 180 days	**1,363**	3,105
181 - 365 days	**2,030**	3,065
1 - 2 years	**578**	4,361
Over 2 years	**764**	66
	151,939	103,405

(b) Bills payables have maturities ranging from 3 to 6 months.

11 BANK BORROWINGS

	As at	
	30 June 2007	31 December 2006
Non-current		
Secured	**102,750**	125,584
Less: Current portion	**(79,917)**	(45,667)
Shown as non-current liabilities	**22,833**	79,917
Current		
Secured	**265,000**	159,000
Unsecured	**240,000**	130,000
	505,000	289,000
Current portion of non-current borrowings	**79,917**	45,667
Shown as current liabilities	**584,917**	334,667
Total bank borrowings	**607,750**	414,584

The maturity of bank borrowings is as follows:

	As at	
	30 June 2007	31 December 2006
Within 1 year	**584,917**	334,667
Between 1 and 2 years	**22,833**	79,917
	607,750	414,584

The carrying amounts of the bank borrowings are denominated in the following currencies:

	As at	
	30 June 2007	31 December 2006
Hong Kong dollars	**432,750**	284,584
Renminbi	**175,000**	130,000
	607,750	414,584

The carrying amounts of bank borrowings approximate their fair values.

The effective interest rates at the balance sheet date were as follows:

	30 June 2007		31 December 2006	
	RMB	**HK$**	RMB	HK$
Bank borrowings	**5.1%**	**5.0%**	4.7%	5.0%

12 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analyzed as follows:

	For the six months ended 30 June	
	2007	2006
Cost of inventories	**687,226**	426,554
Depreciation and amortisation	**63,676**	37,054
Employee benefit expense	**40,835**	30,345
Foreign exchange (gain) / losses, net	**(10,720)**	800
Goodwill	**—**	255
Impairment of trade and other receivables, net	**152**	54
Operating lease payments in respect of land and buildings	**1,778**	1,867
Other selling expenses (including transportation and advertising costs)	**91,027**	46,677
Other expenses – net	**60,934**	30,345
Total of cost of sales, selling and marketing costs and administrative expenses	**934,908**	573,951

13 FINANCE COSTS

	For the six months ended 30 June	
	2007	2006
Interest on bank borrowings	**17,048**	9,453
Less: interest expenses capitalised under construction in progress	**(3,077)**	(8,236)
	13,971	1,217

14 INCOME TAX EXPENSE

	For the six months ended 30 June	
	2007	2006
Current income tax		
– Hong Kong profits tax	**313**	234
– PRC foreign enterprise income tax	**14,886**	6,055
– Overseas taxation	**1,984**	459
Deferred income tax	**1,068**	403
	18,251	7,151

15 DIVIDENDS

	For the six months ended	
	30 June 2007	30 June 2006
Final dividends paid for 2006 of 7.0 HK cents (2005: 5.0 HK cents) per Share	**112,326**	77,147
Interim dividend of 6.0 HK cents (2006: 4.0 HK cents) per ordinary Share	**144,420**	64,186
	256,746	141,333

Note: At a Board of Directors' meeting held on 13 August 2007 the Directors declared an interim dividend of 9.0 HK cents per Share for the period ending 30 June 2007. This interim dividend is not reflected as a dividend payable in this condensed consolidated interim financial information, but will be reflected as an appropriation of retained earning for the year ending 31 December 2007.

16 EARNINGS PER SHARE

Basic

Basic earnings per Share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Shares in issue during the period.

	For the six months ended	
	30 June 2007	30 June 2006
Profit attributable to equity holders of the Company	**300,062**	140,030
Weighted average number of Shares in issue (thousands)	**1,604,662**	1,551,469
Basic earnings per Share (HK cents per Share)	**18.7**	9.0

Diluted

Diluted earnings per Share is calculated adjusting the weighted average number of Shares outstanding to assume conversion of all dilutive potential Shares. The diluted potential Share of the Company is share options. The adjustment for share options is determined by the number of Shares that could have been acquired at fair value (determined as the average annual market share price of the Shares) based on the monetary value of the subscription rights attached to outstanding share options. The umber of Shares calculated as above is compared with the number of Shares that would have been issued assuming the exercise of the share options.

	For the six months ended	
	30 June 2007	30 June 2006
Profit attributable to equity holders of the Company and use to determine diluted earnings per Share	**300,062**	140,030
Weighted average number of Shares in issue (thousands)	**1,604,662**	1,551,469
Adjustments for share options (thousands)	**4,164**	1,298
Weighted average number of ordinary shares for diluted earnings per Shares (thousands)	**1,608,826**	1,552,767
Basic earnings per share (HK cents per Share)	**18.7**	9.0

17 COMMITMENTS

Capital commitments

Capital expenditure at the balance sheet date but not yet incurred is as follows:

	As at	
	30 June 2007	31 December 2006
Property, plant and equipment		
Contracted but not provided for	**432,854**	212,347

18 EVENTS AFTER THE BALANCE SHEET DATE

Save as disclosed to elsewhere in this unaudited condensed consolidated accounts, no other significant event has taken place subsequent to 30 June 2007.

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

Continuing the impressive performance in previous years, the Group recorded substantial business growth during the six-month period ended 30 June 2007. The Group's turnover and net profit reached approximately HK$1,224.2 million and HK$300.1 million, respectively, representing a period-to-period increase of approximately 74.5% and 114.3%, respectively, as compared to HK$701.6 million and HK$140.0 million for the six months ended 30 June 2006.

OPERATIONAL REVIEW

TURNOVER

During the six months ended 30 June 2007, the growth in turnover was mainly attributable to the significant surge in automobile glass and float glass sales. Our major long-standing customers in North America continued to increase automobile glass aftermarket orders. North America continued to be our largest overseas market during the six-month period.

In addition, sales of float glass were also a major growth driver for the six month ended 30 June 2007 as a result of the strong demand in the PRC as well as overseas markets. Sales of float glass products commenced in June 2006 and as such, its contribution to the results of the Group for the six months ended 30 June 2006 only represented the one-month sales performance.

GROSS PROFIT

Cost of sales for the six months ended 30 June 2007 increased by approximately 63.7% which is commensurate with the increase in the turnover. Gross profit was approximately HK$492.6 million for the six months ended 30 June 2007, representing an increase of approximately 93.4% as compared to the six months ended 30 June 2006. The overall gross profit margin increased slightly from approximately 36.3% for the six months ended 30 June 2006 to approximately 40.2% for the six months ended 30 June 2007, which was primarily due to better cost control and increasing vertical integration in the production process, thereby improving the production efficiency with a better product mix, i.e. with additional sales on the high value-added low-emission construction glass, during the six months ended 30 June 2007.

OTHER REVENUE

Other revenue for the six months ended 30 June 2007 was approximately HK$16.5 million, as compared to approximately HK$9.1 million in the same period in 2006, with the increase principally attributable to the increase in government grants received in the PRC under the "tax refund on reinvestment" scheme. For the six months ended 30 June 2007, the Group received approximately HK$14.1 million government grants, representing an increase of approximately HK$6.9 million over the amount received during the same period in 2006.

EARNINGS BEFORE INTERESTS AND TAXES ("EBIT") AND OPERATING PROFIT

EBIT increased by approximately 123.9% for the six months ended 30 June 2007 as compared with the same for the same period in 2006. Such increase is consistent with the increase in the turnover and the net profit of the Group during the six months ended 30 June 2007.

TAXATION

Tax payment amounted to HK$18.3 million for the six months ended 30 June 2007, with effective tax rate increased slightly from 4.9% to approximately 5.7% with a major subsidiary of the Company in the PRC entering into the "50% tax-exemption period" in 2007, as compared to the full tax-exemption year in 2006.

NET PROFIT FOR THE PERIOD

Net profit for the six months ended 30 June 2007 was approximately HK$300.1 million, representing an increase of approximately 114.3% as compared with the same period in 2006. The net profit margin for the period increased significantly to approximately 24.5%, as compared to 20.0% in 2006, which was principally due to the slight increase in the gross profit margin and better control in the administrative costs.

INTERIM DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

Because of the impressive performance of the Group for the six months ended 30 June 2007, the Directors are please to recommend and declare an interim dividend of 9.0 HK cents per Share for the six months ended 30 June 2007, to be paid to all shareholders of the Company with their names recorded on the register of members of the Company at the close of business on Wednesday, 29 August 2007.

The Company's register of members will therefore be closed from Monday, 27 August 2007 to Wednesday, 29 August 2007 (both days inclusive), during such period no transfer of Shares will be registered. In order to qualify for the interim dividend, all transfer of our Shares accompanied by the relevant Share certificates must be lodged with our Company's branch share registrar in Hong Kong, Computershares Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queens' Road East, Wanchai, Hong Kong, for registration by 4:30 p.m. on Friday, 24 August 2007.

CAPITAL EXPENDITURE

For the six months ended 30 June 2007, the Group incurred an aggregate amount of approximately HK$497.4 million for purchase of plant and machinery and construction of additional factory premises and the float glass production lines at the Group's production complex in Dongguan, the PRC. The Group also implemented various renovations at its production complex in Shenzhen, the PRC.

NET CURRENT LIABILITIES

As at 30 June 2007, the Group had net current liabilities of approximately HK$39.7 million which were primarily attributable to increase in short - term bank borrowings for the capital expenditure of the Group. The net current liabilities position of the Group is expected to be returned as net current assets position by a long-term syndicated loan in third quarter of 2007.

FINANCIAL RESOURCES AND LIQUIDITY

In 2007, the Group's primary source of funding included cash generated from operating activities and credit facilities provided by principal banks in Hong Kong and the PRC. As at 30 June 2007, the net cash inflow from operating activities amounted to approximately HK$357.1 million (2006: HK$128.1 million). As at 30 June 2007, the Group had balances of cash and cash equivalent of approximately HK$112.9 million (2006: approximately HK$131.5 million).

The total bank borrowings as at 30 June 2007 were approximately HK$607.8 million. Net debt gearing ratio, as calculated by dividing net total bank borrowings by total shareholders' equity, increased to approximately 20.4%, as compared to approximately 9.6% in 2006, principally due to the increased bank borrowings to finance the Group's capital expenditure during the period.

TREASURY POLICIES AND EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's transactions are mainly denominated in Renminbi, United States dollars and Hong Kong dollars with operations mainly in the PRC. As at 30 June 2007, its bank borrowings were denominated in Renminbi and Hong Kong dollars bearing interest rates ranging from 5.1% to 5.0% per annum. Hence, the Group's exposure to foreign exchange fluctuations was therefore minimal and did not experience any material difficulties and liquidity problems resulting from currency exchange fluctuation. The Group may utilize financial instruments for hedging purpose as and when required.

EMPLOYEES AND RENUMERATION POLICY

As at 30 June 2007, the Group had 6,215 full-time employees of whom 6,176 were based in Hong Kong and the PRC with 39 based in other countries. The Group strives to maintain good working relationship with its employees and to provide the employees with sufficient training on updated business knowledge including applications of the Group's products and skills on maintaining long-term relationship with customers. Remuneration packages offered to the Group's employees are competitive and consistent with the industry practice. Discretionary bonuses may be awarded to employees after assessment of performance of the Group and an individual employee.

The Group's subsidiaries in the PRC participate in the required contribution retirement schemes which are administered by relevant government authorities in the PRC. The Group's employees in Hong Kong are all covered by retirement schemes adopted in accordance with the mandatory provident fund requirements under the applicable laws and regulations.

The Company also adopted a share option scheme on 18 January 2005 for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of the Group's operations. The Directors may, at their discretion, invite any employees and other selected participants as set out in the scheme, to accept options to be granted by the Group for subscription for the Shares. For the period up to the date of this announcement, 8,520,000 share options and 13,552,000 share options were granted under the share option scheme on 26 January 2006 and 1 July 2007, respectively, and 7,910,000 share options were outstanding as at 30 June 2007.

BUSINESS OUTLOOK

The Group's third high quality float glass production line with a daily melting capacity of 500 tonnes commenced its trial operation in June 2007. A photovoltaic glass production line of a daily melting capacity of 300 tonnes and a high quality float glass production line of a daily melting capacity of 900 tonnes will be built in the second half of 2007.

The Group achieved impressive growth in the first half of 2007 with total turnover grew by approximately 74.5% to approximately HK$1,224.2 million. This was primarily due to the substantial increase in the sales of the Group's automobile glass products in both the PRC and overseas markets. The Group accelerated global marketing efforts for high quality automobile glass and strengthened our long-term partnership with selected automobile manufacturers and wholesalers in different countries. The Group continues to be the largest automobile glass and windshield exporter in the PRC, a position we have maintained since 2004.

In April 2007, the final results of "Sunset Review" of US Department of Commerce has revoked the PRC automotive replacement glass windshield antidumping duty order that no anti-dumping duty is imposed on the automotive windshields sold by the Group to customers in the US. This latest development strengthens the Group's already leading position in North America market.

Our construction glass business also experienced significant improvement with operating result increased by 63.3% to approximately HK$49.2 million for the six months ended 30 June 2007. This was a result of the Group's continuous efforts to improve the product quality, production efficiency and strengthen the production and selling the environmental - friendly and energy - saving low emission coated glass products. In accordance with the government policy in the PRC and the increasing market demands, all new buildings in the PRC are expected to use not less than 50% of its materials with environmental - friendly and energy - saving functions by 2010. This "urbanization" scheme adopted in the PRC also increases the market demand.

Our float glass business achieved an impressive results with the turnover of HK$180.1 million. The Group's high quality float glass successfully gained recognition both in PRC and overseas markets. The increasing market demand accelerated the demand for our float glass products with high production efficiency. Running a vertical integrated of float glass production line with economies of scale, the Group has better control on production costs and the logistics which enable the Group to continue to deliver a constant supply of a variety of high quality float glass products.

In 2006, we had two high quality float glass lines (500 and 700 daily melting tonnes) commenced their productions. At the end of 2007, two additional new high quality float glass lines (500 and 900 daily melting tones) and one 300 daily melting tones photovoltaic glass production glass for renewal energy business will be built and completed.

Looking ahead, the Group's business objective is to continue to enhance the product quality, explore new products, improve the production efficiency and strengthen the cost control, in order to meet the increasing demand and expectations from our existing and future customers, thereby to increase the market share and the competitiveness of the Group. The Directors are optimistic to the enormous PRC environmental - friendly and energy - saving glass products market. The Group recently acquired three low emission glass coating machines (two for construction glass market and one for automobile glass, Solar-X, market) which will be delivered in late 2007 and commence production in first half of 2008. These newly acquired production facilities will increase the Group's production capacity of low emission coated glass to fulfill the increasing market demand and it strengthen the Group's leading position in the enviromential and energy-saving glass products market.

On the other hand, there is a trend that traditional single glazing glass design will be gradually changed to double glazing insulated glass design in order to meet the new PRC environmental - friendly and energy - saving standards. This change is expected to be one of the future growth drivers for high quality float glass business. The Group's blue print for future expansion will aim to capture additional business opportunities arising from this new market trend.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed interest in any of the Shares during the six months ended 30 June 2007.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2007, the Company compiled with the applicable code provisions set out in the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

The Company's audit committee, comprising two independent non-executive Directors, has reviewed the Company's unaudited consolidated interim results for the six months ended 30 June 2007. As announced by the Company on 9 July 2007, Mr. WONG Kong Hon, one of our independent non-executive Directors, passed away on 7 July 2007. The Board is actively identifying appropriate candidate to fill in the vacancy. The pass away of Mr. WONG Kong Hon has no material impact on the business operations of the Group and the discharge of duties by members of the audit committee of the Board.

REMUNERATION COMMITTEE

The committee, comprising two independent non-executive Directors and an executive Director, is mandated to review and approve the remuneration packages of the Company's Directors and senior management. It has adopted the terms of reference in line with the code provisions of the Code on Corporate Governance.

DISCLOSURE OF INTERIM INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The interim information on the Group containing all the relevant information required by the Listing Rules will be dispatched to all shareholders of the Company and published on the website of the Stock Exchange in due course.

By order of the Board
XINYI GLASS HOLDINGS LIMITED
LEE Yin Yee
Chairman

Hong Kong, 13 August 2007

As at the date of this announcement, the Board comprises 12 directors, of which Mr. LEE Yin Yee, Mr. TUNG Ching Bor, Mr. TUNG Ching Sai, Mr. LEE Shing Put, Mr. LEE Yau Ching, Mr. LI Man Yin are executive Directors of the Company, Mr. LI Ching Leung, Mr. LI Ching Wai, Mr. SZE Nang Sze and Mr. NG Ngan Ho are non-executive Directors of the Company, and Mr. LAM Kwong Siu and Mr. WONG Chat Chor Samuel are independent non-executive Directors of the Company.