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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

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 2008 as follows:

CONDENSED CONSOLIDATED BALANCE SHEET

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

	Note	As at 30 June 2008 (Unaudited)	As at 31 December 2007 (Audited)
ASSETS			
Non-current assets			
Leasehold land and land use rights	5	**307,824**	146,892
Property, plant and equipment	6	**3,703,885**	3,268,901
Investment property		**9,460**	9,460
Deposits for property, plant and equipment and land use right		**356,908**	292,854
Intangible assets		**80,669**	81,372
Available-for-sale financial assets		**569**	532
Interest in associates		**21,151**	11,374
		4,480,466	3,811,385
Current assets			
Inventories		**734,844**	510,690
Trade and other receivables	7	**907,695**	674,722
Amounts due from customers for contract work		**58,782**	57,524
Financial assets at fair value through profit or loss		**6,564**	—
Cash and cash equivalents			
Pledged		**86,329**	6,702
Unpledged		**347,709**	309,506
		2,141,923	1,559,144
Total assets		**6,622,389**	5,370,529

EQUITY

	Note	As at 30 June 2008 (Unaudited)	As at 31 December 2007 (Audited)
Capital and reserves attributable to the Company's equity holders			
Share capital	8	**168,862**	172,344
Share premium		**1,846,873**	2,073,287
Other reserves	9	**705,056**	454,085
Retained earnings			
- Dividend		**185,539**	168,683
- Others		**1,391,241**	1,176,680
		4,297,571	4,045,079
Minority interests		**7,856**	443
Total equity		**4,305,427**	4,045,522
LIABILITIES			
Non-current liabilities			
Bank borrowings	11	**310,442**	259,949
Deferred income tax liabilities		**75**	331
		310,517	260,280
Current liabilities			
Trade and other payables	10	**1,086,008**	626,339
Amounts due to customers for contract work		**71**	609
Bank borrowings	11	**889,250**	423,608
Current income tax liabilities		**31,116**	14,171
		2,006,445	1,064,727
Total liabilities		**2,316,962**	1,325,007
Total equity and liabilities		**6,622,389**	5,370,529
Net current assets		**135,478**	494,417
Total assets less current liabilities		**4,615,944**	4,305,802

Condensed Consolidated Income Statement

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

		Unaudited	
		Six months ended 30 June	
	Note	**2008**	**2007**
Revenue	4	**1,883,530**	1,224,197
Cost of sales	12	**(1,232,355)**	(731,559)
Gross profit		**651,175**	492,638
Other income	4	**1,944**	16,491
Other gains	4	**29,360**	24,961
Selling and marketing costs	12	**(161,749)**	(142,768)
Administrative expenses	12	**(64,103)**	(60,581)
Operating profit		**456,627**	330,741
Finance income	13	**2,986**	1,999
Finance costs	13	**(25,771)**	(13,971)
Share of profit of an associate		**16**	556
Profit before income tax		**433,858**	319,325
Income tax expense	14	**(24,235)**	(18,251)
Profit for the period		**409,623**	301,074
Attributable to:			
Equity holders of the Company		**402,088**	300,062
Minority interests		**7,535**	1,012
		409,623	301,074
Interim dividend	15	**185,539**	144,420
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in Hong Kong cents per Share)			
- Basic	16	**23.8**	18.7
- Diluted	16	**23.7**	18.7

Condensed Consolidated Statement of Changes in Equity

		Unaudited					
		Attributable to equity holders of the Company					
	Note	**Share capital**	**Share premium**	**Other reserves**	**Retained earnings**	**Minority Interests**	**Total**
Balance at 31 December 2007 and 1 January 2008		172,344	2,073,287	454,085	1,345,363	443	4,045,522
Currency translation differences	9	—	—	242,659	—	—	242,659
Profit for the period		—	—	—	402,088	7,535	409,623
		—	—	242,659	402,088	7,535	652,282
Proceeds from issue of Share under a share option scheme	8	232	4,769	(1,836)	1,836	—	5,001
Repurchase of the Company's Share							
- Nominal value of Shares repurchased and cancelled	8	(3,714)	—	3,714	(3,714)	—	(3,714)
- premium paid on repurchase	8	—	(231,183)	—	—	—	(231,183)
Contribution from minority shareholders		—	—	—	—	102	102
Dividend paid to minority shareholders		—	—	—	—	(224)	(224)
Share-based payment		—	—	6,434			6,434
Dividend relating to 2007	15	—	—	—	(168,793)	—	(168,793)
		(3,482)	(226,414)	8,312	(170,671)	(122)	(392,377)
Balance at 30 June 2008		168,862	1,846,873	705,056	1,576,780	7,856	4,305,427

		Unaudited					
		Attributable to equity holders of the Company					
	Note	Share capital	Share premium	Other reserves	Retained earnings	Minority Interests	Total
Balance at 31 December 2006 and 1 January 2007		160,466	850,804	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
		—	—	(11,162)	300,062	990	289,890
Employee share option scheme:							
- value of employee services		—	—	588	—	—	588
Dividend relating to 2006		—	—	—	(112,326)	—	(112,326)
		—	—	588	(112,326)	—	(111,738)
Balance at 30 June 2007		160,466	850,804	227,859	1,186,063	(717)	2,424,475

Condensed Consolidated Cash Flow Statement

	Note	Unaudited Six months ended 30 June 2008	2007
Cash flows from operating activities			
Cash generated from operations		623,720	391,945
Interest paid		(25,771)	(17,048)
Income tax paid		(7,546)	(17,814)
Net cash generated from operating activities		590,403	357,083
Cash flows from investing activities			
Payment for capital expenditure		(587,143)	(494,325)
Proceeds from disposals of property, plant and equipment		10,293	15
Purchase of financial assets at fair value through profit or loss		(18,615)	(32,920)
Disposal of financial assets at fair value through profit or loss		7,163	37,416
Capital contribution to an associate		(8,777)	—
Loans advances to an associate		(14,727)	(7,270)
Loans repayments from an associate		14,663	8,854
Interest received		2,571	1,609
Net cash used in investing activities		(594,572)	(486,621)
Cash flows from financing activities			
Net proceeds from new Shares issued under a share option scheme	8	5,001	—
Proceeds from short-term bank borrowings		771,095	266,000
Repayments of short-term bank borrowings		(474,603)	(50,000)
Proceeds from long-term bank borrowings		200,000	—
Repayments of long-term bank borrowings		—	(22,834)
Contribution from minority shareholders		102	—
Increase in pledged bank deposits		(79,627)	(132)
Repurchase of Shares		(234,897)	—
Dividends paid to shareholders of the Company	15	(168,793)	(112,326)
Dividends paid to minority shareholders		(224)	—
Net cash generated from financing activities		18,054	80,708

	Note	Unaudited Six months ended 30 June 2008	 2007
Net increase/(decrease) in cash and cash equivalents		13,885	(48,830)
Cash and cash equivalents at beginning of the period		309,506	162,330
Exchange difference on cash and cash equivalents		24,318	(11,184)
Cash and cash equivalents at 30 June		347,709	102,316

Notes to the condensed consolidated financial information

1 General information

Xinyi Glass Holdings Limited ("the Company") and its subsidiaries (collectively the "Group") is principally engaged in the production and sales of automobile, construction, float glass and photovoltaic glass products, which are carried out internationally, through production complexes located in the Mainland China (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 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 condensed consolidated financial information 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. This condensed consolidated interim financial information has been approved for issue by the Board of Directors on 1 September 2008.

2 Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with HKAS 34, 'Interim financial reporting'. The condensed consolidation interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with HKFRSs.

3 Accounting policies

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in those annual financial statements.

Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2008 but are not currently relevant for the Group.

- HK(IFRIC) - Int 11, HKFRS 2 — Group and treasury share transactions;

- HK(IFRIC) - Int 12, ‘Service concession arrangements’;

- HK(IFRIC) - Int 14, ‘HKAS 19 — the limit on a defined benefit asset, minimum funding requirements and their interaction’.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

- HKFRS 8, ‘Operating segments’, effective for annual periods beginning on or after 1 January 2009. HKFRS 8 replaces HKAS 14, ‘Segment reporting’, and requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail.

- HKAS 23 (amendment), ‘Borrowing costs’, effective for annual periods beginning on or after 1 January 2009. This amendment is not relevant to the Group, as the Group currently applies a policy of capitalising borrowing costs.

- HKFRS 2 (amendment), ‘Share-based payment’, effective for annual periods beginning on or after 1 January 2009. Management is assessing the impact in detail.

- HKFRS 3 (amendment), ‘Business combinations’ and consequential amendments to HKAS 27, ‘Consolidated and separate financial statements’, HKAS 28, ‘Investments in associates’ and HKAS 31, ‘Interests in joint ventures’, effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the Group. The Group does not have any joint ventures.

- HKAS 1 (amendment), ‘Presentation of financial statements’, effective for annual periods beginning on or after 1 January 2009. Management is in the process of developing proforma accounts under the revised disclosure requirements of this standard.

- HK(IFRIC) — Int 13, ‘Customer loyalty programmes’, effective for annual periods beginning on or after 1 July 2008. This amendment is not relevant to the Group

- IFRS 1 and IAS 27 (amendment), ‘Cost of an investment in a subsidiary, jointly controlled entity or associate’, and consequential amendments to IAS 18 ‘Revenue’, IAS 21 ‘The Effects of Changes in Foreign Exchange Rates’ and IAS 36 ‘Impairment of Assets’, effective for annual periods beginning on or after 1 January 2009. This amendment is not relevant to the Group, as the Group is not a first-time adopter of IFRS.

4 **Segment information**

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

	For the six months ended 30 June	
	2008	**2007**
Revenue		
Sales of goods	1,865,363	1,177,900
Construction contract revenue	18,167	46,297
	1,883,530	1,224,197
Other income		
Government grants (note)	—	14,110
Rental income	1,944	1,881
Royalty income	—	500
	1,944	16,491

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 certain subsidiaries in PRC as additional capital contributions. Such grants were approved by the local tax bureau in accordance with relevant tax law of PRC. All of the approved grants were recognized in the period of receipt.

Other gains

Other gains represent mainly the net refund of the United States anti-dumping duty paid between 2002 and 2006.

Primary reporting format — business segments

At 30 June 2008, the Group was organized into three main business segments:

Automobile glass	—	Manufacturing and sales of automobile glass and related plastic and rubber components.
Construction glass	—	Manufacturing, sales and installation of construction glass.
Float glass	—	Manufacturing and sales of float glass and photovoltaic glass.

Revenue consists of external revenue from these three main business segments.

The segment results for the period ended 30 June 2008 are as follows:

	Automobile glass (Unaudited)	**Construction glass (Unaudited)**	**Float glass (Unaudited)**	**Group (Unaudited)**
Revenue				
Total gross segment revenue	987,356	319,262	863,140	2,169,758
Inter-segment sales	—	—	(286,228)	(286,228)
External revenue	987,356	319,262	576,912	1,883,530
Segment results	265,727	61,201	147,489	474,417
Unallocated other income				7,937
Unallocated costs				(25,727)
Operating profits				456,627
Finance income (Note 13)				2,986
Finance costs (Note 13)				(25,771)
Share of profit of an associate	—	—	16	16
				433,858
Profit before income tax				
Income tax expense (Note 14)				(24,235)
Profit for the period				409,623

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

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

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

	Six months ended 30 June 2008				
	Automobile glass	**Construction glass**	**Float glass**	**Unallocated**	**Group**
Depreciation (Note 6)	44,584	12,849	55,459	1,010	113,902
Amortisation (Note)	1,626	218	589	131	2,564

Note:

These amounts included intangible assets amortisation of HK$703,000 and land use right amortisation of HK$1,861,000.

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

The segment assets and liabilities at 30 June 2008 and capital expenditure for the period then ended are as follows:

	Automobile glass	Construction glass	Float glass	Unallocated	Group
Assets	2,369,963	1,032,544	3,055,262	143,469	6,601,238
Associates	—	—	21,151	—	21,151
Total assets	2,369,963	1,032,544	3,076,413	143,469	6,622,389
Liabilities	657,831	169,914	566,375	922,842	2,316,962
Capital expenditure	113,090	140,513	295,355	10	548,968

The segment assets and liabilities at 31 December 2007 and capital expenditure for the six month ended 30 June 2007 then ended are as follows:

	Automobile Glass	Construction glass	Float glass	Unallocated	Group
Assets	2,110,008	616,160	2,492,525	140,462	5,359,155
Associate	—	—	11,374	—	11,374
Total assets	2,110,008	616,160	2,503,899	140,462	5,370,529
Liabilities	526,571	183,801	302,334	312,301	1,325,007
Capital expenditure	47,595	16,223	433,520	64	497,402

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

Capital expenditure comprises additions of property, plant, equipment, leasehold land and land use rights and intangible assets.

Secondary reporting format — geographical segments

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

Revenue

	For the six months ended 30 June 2008	2007
Greater China (Note (a))	917,334	478,778
North America	421,633	444,276
Europe	266,538	117,417
Other countries (Note(b))	278,025	183,726
	1,883,530	1,224,197

Notes:

(a) Greater China included the PRC, Hong Kong.

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

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 2008	As at 31 December 2007
Greater China	6,564,532	5,346,458
North America	54,432	22,866
Other countries	3,425	1,205
	6,622,389	5,370,529

Capital expenditures

	For the six months ended 30 June 2008	2007
Greater China	548,745	497,222
North America	21	125
Other countries	202	55
	548,968	497,402

5 **Leasehold land and land use rights — Group**

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

	As at 30 June 2008	**31 December 2007**
In Hong Kong, held on:		
Lease of between 10 to 50 years	2,901	2,950
Outside Hog Kong, held on:		
Land use rights of between 10 to 50 years	304,923	143,942
	307,824	146,892

	As at 30 June 2008	**31 December 2007**
Beginning balance	146,892	128,539
Exchange difference	9,840	7,950
Acquisition of a subsidiary	—	14,362
Addition	152,953	—
Amortisation of prepaid operating lease payment	(1,861)	(3,007)
Transfer to investment property	—	(952)
	307,824	146,892

6 **Property, plant and equipment — Group**

	Construction in progress	**Buildings**	**Plant and machinery**	**Office equipment**	**Total**
Opening net book amount as at 1 January 2008	509,424	537,937	2,210,194	11,346	3,268,901
Exchange difference	35,229	40,429	150,851	678	227,187
Additions	117,206	629	211,539	2,587	331,961
Transfer upon completion	(140,058)	43,445	96,485	128	—
Disposals	—	(401)	(9,128)	(733)	(10,262)
Depreciation	—	(12,477)	(99,707)	(1,718)	(113,902)
Closing net book amount as at 30 June 2008	521,801	609,562	2,560,234	12,288	3,703,885

7 **Trade and bills receivables — Group**

	As at 30 June 2008	As at 31 December 2007
Trade receivables (note (a))	661,690	517,840
Less: provision for impairment of receivables (note (c))	(17,608)	(15,455)
	644,082	502,385
Bills receivables (note (b))	135,167	91,345
Trade and bills receivables — net	779,249	593,730
Prepayment, deposits and other receivables	128,446	80,992
	907,695	674,722

(a) The credit period granted by the Group to its customers is generally 30 to 90 days. At 30 June 2008 and 31 December 2007, the ageing analysis of the Group's trade receivables were as follows:

	As at 30 June 2008	As at 31 December 2007
0 — 90 days	546,047	459,455
91-180 days	54,060	35,331
181-365 days	35,643	8,668
1-2 years	17,724	9,961
Over 2 years	8,216	4,425
	661,690	517,840

(b) Bills receivables have maturities ranging within 6 months.

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

8 **Share capital**

	Note	Number of Shares	Ordinary shares of HK$0.1 each	Share premium	Total
Authorized:					
As at 30 June 2008 and 31 December 2007		2,500,000,000	250,000	—	250,000
Issued and fully paid:					
As at 1 January 2008		1,723,440,960	172,344	2,073,287	2,245,631
Issue of Shares under a share option scheme	(a)	2,326,500	232	4,769	5,001
Repurchase of Shares during the period	(b)	(37,144,000)	(3,714)	(231,183)	(234,897)
		1,688,623,460	168,862	1,846,873	2,015,735

Notes:

(a) During the period, the Company issued 2,326,500 Shares of HK$0.1 each at HK$2.15 per Share upon the exercise of certain share options under the Share Option Scheme. Total proceeds from issue of these Shares amounted to approximately HK$5 million.

(b) During the period, the Company repurchased certain of its own Shares on the Stock Exchange. The repurchase plan was approved in the annual general meeting. The Directors considered that, as the Company's Shares were then trading at a discount to the expected net asset value per Share, the repurchase would be beneficial to the Company.

These repurchased Shares were cancelled upon repurchase. Accordingly, the issued share capital of the Company was reduced by the nominal value of these Shares and the premiums paid on these Shares upon the repurchase were charged against the share premium account. An amount equivalent to the par value of the Shares cancelled was transferred from the Company's retained earnings to the capital redemption reserve.

Month of repurchase	Number of Shares of HK$0.10 each	Highest price per Share	Lowest price per Share	Aggregate consideration paid
January 2008	37,144,000	7.00	5.93	234,897

(c) Details of movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2008		2007	
	Average exercise price in HK dollar per Share	Options (thousands)	Average exercise price in HK dollar per Share	Options (thousands)
At 1 January	5.22	21,354	2.15	7,950
Granted	4.67	24,259	—	—
Exercised	2.15	(2,327)	—	—
Lapsed	5.21	(1,757)	2.15	(40)
At 30 June	5.07	41,529	2.15	7,910

As at 30 June 2008, 4,836,500 share options were exercisable at HK$2.15.

Share options outstanding at the end of the period have the following expiry date and exercise price:

Expiry date	Exercise price in HK dollar per share	Options (thousands)
26 January 2009	2.15	4,836
30 June 2011	6.98	12,442
19 April 2013	4.67	24,251
		41,529

The weighted average fair value of options granted during the period determined using the Black-Scholes valuation model, which was performed by an independent valuer, Greater China Appraisal Limited. The value of share options granted during the period was based on the following assumptions:

Date of grant	20 April 2008
Option valued	HK$1.63
Share price at the date of grant	HK$4.67
Exercisable price	HK$4.67
Expected volatility	52.99%
Annual risk-free interest rate	2.06%
Life of option	4.5 years
Dividend yield	3.43%

9 Reserve - Group

	Statutory reserve fund	Enterprise expansion fund	Translation reserve	Capital reserve	Share options reserve	Property revaluation reserve	Capital redemption reserve	Total
Balance at 1 January 2008	174,233	42,939	216,774	11,840	6,716	624	959	454,085
Currency translation differences	12,048	2,968	227,643	—	—	—	—	242,659
Proceeds from issue of Share under a share option scheme	—	—	—	—	(1,836)	—	—	(1,836)
Employee share option scheme:								
- value of employee services	—	—	—	—	6,434	—	—	6,434
Share repurchase (Note 8)	—	—	—	—	—	—	3,714	3,714
Balance at 30 June 2008	186,281	45,907	444,417	11,840	11,314	624	4,673	705,056

10 Trade and other payables — Group

	As At 30 June 2008	As At 31 December 2007
Trade payables (note (a))	264,426	143,663
Bills payables (note (b))	277,153	41,102
	541,579	184,765
Accruals and other payables	544,429	441,574
	1,086,008	626,339

Note:

(a) At 30 June 2008 and 31 December 2007, the ageing analysis of the trade payables was as follows:

	As At 30 June 2008	As At 31 December 2007
0 - 90 days	252,154	137,520
91-180 days	6,679	1,235
181-365 days	4,181	2,254
1-2 years	777	2,154
Over 2 years	635	500
	264,426	143,663

(b) Bills payables have maturities ranging within 6 months.

11 **Bank borrowings - Group**

	As At 30 June 2008	As At 31 December 2007
Non-current		
Secured	497,942	297,449
Less: Current portion	(187,500)	(37,500)
Shown as non-current liabilities	310,442	259,949
Current		
Secured	582,323	306,321
Unsecured	119,427	79,787
	701,750	386,108
Current portion of non-current borrowings	187,500	37,500
Shown as current liabilities	889,250	423,608
Total bank borrowings	1,199,692	683,557

The bank borrowings were secured by corporate guarantees provided by the Company and cross guarantees provided by certain subsidiaries of the Group.

At 30 June 2008 and 31 December 2007, the Group's bank borrowing were repayable as follows:

	As At 30 June 2008	As At 31 December 2007
Within 1 year	889,250	423,608
Between 1 and 2 years	250,000	150,000
Between 2 and 5 years	60,442	109,949
	1,199,692	683,557

At 30 June 2008 and 31 December 2007, the carrying amounts of the bank borrowings are denominated in the following currencies:

	As At 30 June 2008	31 December 2007
Hong Kong dollar	896,007	337,449
Renminbi	303,685	281,914
US dollar	—	64,194
	1,199,692	683,557

The carrying amounts of bank borrowings approximate at their fair values as at 30 June 2008 and 31 December 2007.

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

	30 June 2008		31 December 2007		
	HK$	RMB	HK$	US$	RMB
Bank borrowings	2.6%	6.3%	4.2%	7.2%	5.5%

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 2008	2007
Depreciation and amortisation	116,466	63,739
Employee benefit expense	150,774	89,244
Cost of inventories	821,766	486,718
Other selling expenses (including transportation and advertising costs)	97,586	91,027
Operating lease charges in respect of land and buildings	1,966	1,778
Foreign exchange gain, net	(43,947)	(10,720)
(Reversal of impairment)/impairment of trade and other receivables, net	(157)	152
Other expenses, net	313,753	212,970
Total of cost of sales, selling and marketing costs and administrative expenses	1,458,207	934,908

13 **Finance income and finance costs**

Finance income

	For the six months ended 30 June 2008	2007
Interest income on short-term bank deposits	2,571	1,609
Interest income on loan advanced to an associate	415	390
	2,986	1,999

Finance costs

	2008	2007
Interest on bank borrowings	25,771	17,048
Less: interest expenses capitalised under construction in progress	—	(3,077)
	25,771	13,971

14 **Income tax expense**

	For the six months ended 30 June 2008	2007
Current income tax		
- Hong Kong profits tax	6,691	313
- PRC foreign enterprise income tax	9,019	14,886
- Overseas taxation	8,781	1,984
Deferred income tax	(256)	1,068
	24,235	18,251

15 **Dividends**

	For the six months ended 30 June 2008	30 June 2007
Final dividend paid for 2007 of 10.0 HK cents (2006: 7.0 HK cents) per Share	168,793	112,326
Interim dividend of 11.0 HK cents (2007: 9.0 HK cents) per Share	185,539	144,420
	354,332	256,746

Note: At a Board of Directors' meeting held on 1 September 2008, the directors declared an interim dividend of 11.0 HK cents per Share for the period ended 30 June 2008. This interim dividend is not reflected as a dividend payable in this condensed financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2008.

16 **Earnings per Share**

Basic

Basic earnings per Share are 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 2008	**30 June 2007**
Profit attributable to equity holders of the Company (HK$'000)	402,088	300,062
Weighted average number of Shares in issue (thousands)	1,690,332	1,604,662
Basic earnings per Share (HK cents per Share)	23.8	18.7

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 the 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 Company's Shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number 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 2008	**30 June 2007**
Profit attributable to equity holders of the Company and use to determine diluted earnings per Share (HK$'000)	402,088	300,062
Weighted average number of Shares in issue (thousands)	1,690,332	1,604,662
Adjustments for share options (thousands)	8,746	4,164
Weighted average number of Shares for diluted earnings per Shares (thousands)	1,699,078	1,608,826
Basic earnings per Share (HK cents per Share)	23.7	18.7

17 **Commitments — Group**

Capital commitments

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

	As at	
	30 June 2008	**30 June 2007**
Property, plant and equipment		
Contracted but not provided for	646,092	432,854

18 **Events after the balance sheet date**

Save as disclosed elsewhere in this consolidated accounts, no other significant event has taken place subsequent to 30 June 2008.

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL REVIEW

Continuing the impressive performance in previous years, the Group recorded substantial business growth during the six-month period ended 30 June 2008. Its turnover and net profit reached approximately HK$1,883.5 million and HK$402.1 million respectively, representing a period-to-period increase of approximately 53.9% and 34.0% as compared to HK$1,224.2 million and HK$300.1 million for the six months ended 30 June 2007.

TURNOVER

The turnover growth recorded for the six months ended 30 June 2008 was mainly attributable to a significant surge in automobile glass and float glass sales. Our major long-standing customers in China continued to increase automobile glass and float glass orders. China was our largest market during the six-month period, accounting for 48.7% of our total turnover.

In addition, sales of float glass, including ultra-clear photovoltaic glass, were also a major growth driver for the six months ended 30 June 2008. Demand for the float and ultra-clear photovoltaic glass was strong both in China and overseas markets. With two new float glass production lines of daily melting capacity of up to 500 tons and 900 tons in operation since the second half of 2007 and the addition of a new ultra-clear photovoltaic glass line of capacity up to 300 melting tons per day starting operation in January this year, the Group was able to increase sales volume for the six months ended 30 June 2008.

GROSS PROFIT

Cost of sales for the six months ended 30 June 2008 increased by approximately 68.5% which is in line with the increase in the turnover. Gross profit was approximately HK$651.2 million for the six months ended 30 June 2008, representing an increase of approximately 32.2% as compared with the six months ended 30 June 2007. Benefiting from its optimizing vertically integrated production, giving it greater economies of scales and production efficiency and a better product mix allowing it to make additional sales of high value-added low-emission construction glass and photovoltaic glass, the Group was able to mitigate the impact of hikes in cost of heavy oil and soda ash during the period and reduction of China's export VAT rebate effective since July 2007. The overall gross profit margin of the Group for the period was approximately 34.6%, down from approximately 40.2% for the six months ended 30 June 2007.

OTHER GAINS

Other gains for the six months ended 30 June 2008 were approximately HK$29.4 million, as compared to approximately HK$25.0 million in the same period in 2007. They constituted mainly the refund of the United States anti-dumping duty paid between 2002 and 2006.

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

EBIT increased by approximately 36.1% for the six months ended 30 June 2008 as compared with the same period in 2007. Such increase is consistent with the increase in turnover and net profit of the Group during the six months ended 30 June 2008.

TAXATION

Tax payment amounted to HK$24.2 million for the six months ended 30 June 2008, with effective tax rate decreased slightly from 5.7% to approximately 5.6%.

NET PROFIT FOR THE PERIOD

Net profit for the six months ended 30 June 2008 was approximately HK$402.1 million, representing an increase of approximately 34.0% as compared with the same period in 2007. Net profit margin for the period decreased to approximately 21.4% from 24.5% in the same period in 2007, which was mainly because of the increase of cost of heavy oil and soda ash and lowered China's export VAT rebate.

INTERIM DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

Because of the impressive performance of the Group for the six months ended 30 June 2008, the Directors are pleased to recommend and declare an interim dividend of 11.0 HK cents per Share for the six months ended 30 June 2008, 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 Thursday, 18 September 2008.

The Company's register of members will therefore be closed from Tuesday, 16 September 2008 to Thursday, 18 September 2008 (both days inclusive), and during such period no transfer of Shares will be registered. In order to qualify for the interim dividend, all transfer of Shares accompanied by the relevant share certificates must be lodged with our Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration by 4:30 p.m. on Friday, 12 September 2008.

CAPITAL EXPENDITURE

For the six months ended 30 June 2008, the Group incurred an aggregate amount of approximately HK$549.0 million for purchase of plant and machinery, land use rights, construction of factory premises and the float glass production lines at the Group's production complexes in China.

NET CURRENT ASSETS

As at 30 June 2008, the Group had net current assets of approximately HK$135.5 million.

FINANCIAL RESOURCES AND LIQUIDITY

In 2008, the Group's primary source of funding included cash generated from operating activities and credit facilities provided by principal banks in Hong Kong and China. As at 30 June 2008, the net cash inflow from operating activities amounted to approximately HK$590.4 million (2007: HK$357.1 million). As at 30 June 2008, the Group had balances of cash and cash equivalent of approximately HK$434.0 million (2007: approximately HK$112.9 million).

The total bank borrowings as at 30 June 2008 were approximately HK$1,199.7 million. Net debt gearing ratio, as calculated by dividing net total bank borrowings by total shareholders' equity, increased to approximately 17.8%, as compared to approximately 9.1% at the year end of 2007, principally due to the increased bank borrowings to finance the Group's capital expenditure during the period under review.

TREASURY POLICIES AND EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's transactions are mainly denominated in Renminbi, United States dollars, Euro, Australian dollars and Hong Kong dollars with operations mainly in the China. As at 30 June 2008, its bank borrowings were denominated in Renminbi and Hong Kong dollars bearing interest rates ranging from 2.6% to 6.3% 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 2008, the Group had 7,988 full-time employees of whom 7,939 were based in Hong Kong and China with 49 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 China participate in the required contribution retirement schemes which are administered by relevant government authorities in the China. 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, 13,552,000 share options and 24,251,000 share options were granted under the share option scheme on 26 January 2006, 1 July 2007 and 18 April 2008, respectively, and approximately 41,529,000 share options were outstanding as at 30 June 2008.

OPERATIONAL REVIEW

A PERIOD OF VOLATILITY AND COMPETITION

During the period, all our different business segments reported strong growth, with float and ultra-clear photovoltaic glass business delivering the most outstanding performance. The business recorded remarkable growth of approximately 220.3% to HK$576.9 million which accounted for about 30.6% of the Group's total turnover. The strong demands for the products came largely from overseas and markets in South China met by increased float and ultra-clear photovoltaic glass capacities of the Group. Net profit margin decreased from about 24.5% to approximately 21.4%.

The market environment in 2008 has so far been volatile and keenly competitive. The industry has to face pressure arising from appreciation of the Renminbi, reduction of export VAT rebate, the weakening US economy and escalating fuel and raw material costs. The Group nevertheless achieved remarkable growth thanks to increased economies of scale and its flexible management strategies for the first half of the year.

APPRECIATION OF RENMINBI — INCREASE IN CHINA SALES RATIO

The Renminbi appreciated by approximately 6.3% for the first half of 2008, but the Group managed to increase its Renminbi revenue to 48.7% of its overall revenue thus mitigating part of the impact from the currency climbing in value. With a multi-currency "natural hedging" business model, we can effectively lower foreign exchange risk. As such, the Group managed to achieve solid growth for the period.

REDUCTION OF EXPORT VAT REBATE, WEAKENING US ECONOMY, EXPLORATION OF EXPORT SALES CHANNELS

In July 2007, China reduced export VAT rebate on automobile and construction glass products from 13% to 5% and that of float glass products from 11% to 5%. All sectors of the glass industry were affected by the new policy. It was one of the major reasons that our overall gross margin dropped from 40.2% in the same period of 2007 to 34.6% for the six months ended 2008.

With strong support from overseas customers, we made about 29.6% more revenue from overseas for the six months ended 2008. It proved that the effort of the Group to develop overseas markets has been successful. For the six months ended 2008, revenue generated from the European market was up by approximately 127.0% to about HK$266.5 million. Other overseas markets also recorded revenue growth, by around 51.3%, to approximately HK$278.0 million.

The US economy has been affected by the looming sub-prime mortgage issue since 2007, which has significantly impacted the housing and new car markets. However, as the automobile glass we sell to North America is to the aftermarket sector for replacement purposes, the weak US economy had minimal impact on our automobile glass business. Our construction glass business though was hit by the weak housing market in North America, resulting to the Group's revenue from North America to decrease by approximately 5.1% to HK$421.6 million for the first half of 2008.

IMPROVED PRODUCTIVITY AND ECONOMIES OF SCALE HELPED MITIGATE ENERGY AND MATERIAL COST PRESSURES

Since the fourth quarter of 2007, the selling prices of "heavy oil" — fuel for float and ultra-clear photovoltaic glass production - and "soda ash", a key raw material for glass production, have been rising and thus squeezing our overall gross margin.

However, with strong experience in operational management and improved production flow, the Group was able to enhance productivity and yield rates to combat the risen production and energy costs. The Group increased float glass capacity from 1,200 daily melting tons in mid-2007 to 2,600 daily melting tons in the beginning of 2008. The new ultra-clear photovoltaic glass production line which began operation in January 2008 also provided the Group with an additional capacity of 300 melting tons per day. Benefiting from the increased economies of scale, the Group enhanced its purchasing power, decreased the average heavy oil consumption rate and reduced fixed cost per unit, thus was able to mitigate the impact of increased costs on its gross margin.

As the international crude oil price started to drop in July this year, we expect heavy oil price to come down in the second half of the year. Soda ash price which has been stable since April this year is expected to also lower in the last quarter of the year. The Group is hopeful that production cost pressure will alleviate in the second half of the year and beyond.

OUTLOOK

In the second half of the year, we will continue to strengthen our capabilities in operational management to equip ourselves to tackle new challenges. Heeding the overall economic policies and new construction energy saving standards in China, we plan to construct new production complexes in the Pearl River Delta and Yangtze River Delta regions. We will mainly develop environmentally friendly, energy efficient and solar related glass products to meet anticipated strong demands for low-emission coating glass, double glazing insulated glass and ultra-clear photovoltaic glass.

We began commercial production of ultra-clear photovoltaic glass, which is mainly used for solar power systems, in January 2008 and received strong support from the market. We will introduce the new product series — Transparent Conductive Oxide ("TCO") coating glass products — next year. Renewable energy and solar related products will be our main development focus in the future.

We will use natural gas as fuel for our float and ultra-clear photovoltaic glass production at our new Wuhu production complex. Natural gas has a lower and more stable cost relative to heavy oil. We are looking for more low-cost fuel and material sources as a means to enhance our margin.

The Group had proactively and aggressively tackled challenges and seized opportunities in the market during the review period. We continue to be optimistic about the development of our business in the future and will adhere to our proven strategies in developing business. Our aim is to maintain growth and expand presence in the global glass market.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

In January 2008, the Company repurchased certain of its own Shares on the Stock Exchange. The Directors considered that, as the Shares were then trading at a discount to the expected net asset value per Share, the repurchase would be beneficial to the Company.

These repurchased Shares were cancelled upon repurchase and, accordingly, the issued share capital of the Company was reduced by the nominal value of these Shares. The aggregate consideration paid on repurchase was charged to share premium.

Month of repurchase	**Number of Shares of HK$0.10 each**	**Highest price per Share**	**Lowest price per Share**	**Aggregate Consideration paid**
		HK$	*HK$*	*HK$'000*
January 2008	37,144,000	7.0	5.93	234,897

Save as disclosed herein, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the period under review.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2008, the Company complied with the applicable code provisions set out in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules (the "Code on Corporate Governance Practices").

AUDIT COMMITTEE

The Company's audit committee, comprising three independent non-executive Directors, has reviewed the Company's unaudited consolidated interim results for the six months ended 30 June 2008.

REMUNERATION COMMITTEE

The committee, comprising three independent non-executive Directors and two executive Directors, 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 Practices.

DISCLOSURE OF INTERIM INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The interim report of 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 and our Company in due course.

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

Hong Kong, 1 September 2008

As at the date of this announcement, the Board comprises 13 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, Mr. WONG Chat Chor Samuel and Mr. WONG Ying Wai, S.B.S., JP .are independent non-executive Directors of the Company.