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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)

CONNECTED TRANSACTION

PARTICIPATION IN THE XYE PREFERENTIAL OFFERING UNDER THE XYE GLOBAL OFFERING

This announcement is made by the Board pursuant to Rule 14A.68 of the Listing Rules on the Proposed Equity Investment. The Board refers to various announcements issued by Xinyi Solar on the proposed spin-off and separate listing of Xinyi Energy and the XYE Prospectus. As of the date of this announcement, the Company is interested in 28.31% of the issued shares of Xinyi Solar. As set forth in the XYE Prospectus, as part of the arrangements for the proposed spin-off and separate listing of Xinyi Energy, Xinyi Energy would implement the XYE Preferential Offering to the XYS Qualifying Shareholders of the XYE Reserved Share(s) in accordance with Practice Note 15 of the Listing Rules.

The Company is one of the XYS Qualifying Shareholders, and the Company has decided to participate in the XYE Preferential Offering by submitting an XYE Blue Application Form for the subscription for such number of the XYE Reserved Shares pro rata to its XYE Assured Entitlement and the excess XYE Reserved Shares in full compliance with the requirements under the Listing Rules and the XYE Preferential Offering.

The Proposed Equity Investment is subject to the same conditions of the XYE Global Offering set forth in the XYE Prospectus. If the XYE Offer Price cannot be determined or that the underwriting arrangements, a summary of which is set forth in the XYE Prospectus, have not become unconditional, the Proposed Equity Investment will not proceed.

The Directors (including the independent non-executive Directors) consider that the terms of the Proposed Equity Investment are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Controlling Shareholders and their respective associates are interested in 60.95% of the Shares in issue as of the date of this announcement. The Company is interested in 28.31% of the XYS Shares in issue, and the Controlling Shareholders and their respective associates are interested in 32.64% of the XYS Shares in issue. Xinyi Solar is not a subsidiary of the Company, but a connected person of the Company. Xinyi Energy is a connected person of the Company as it is a non-wholly owned subsidiary of Xinyi Solar.

The Proposed Equity Investment constitutes a connected transaction (as such term is defined under the Listing Rules) for the Company. The final amount of the Proposed Equity Investment would not be more than HK\$1,287.0 million. Based on this maximum amount, the applicable percentage ratios exceed 0.1% but less than 5%. The Proposed Equity Investment is therefore subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules but exempt from the independent Shareholders' approval requirement.

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The Company is one of the XYS Qualifying Shareholders, and the Company has decided to participate in the XYE Preferential Offering by submitting an XYE Blue Application Form for the subscription for such number of the XYE Reserved Shares pro rata to its XYE Assured Entitlement and the excess XYE Reserved Shares in full compliance with the requirements under the Listing Rules and the XYE Preferential Offering.

PROPOSED EQUITY INVESTMENT

The Controlling Shareholders and their respective associates are interested in 60.95% of the Shares in issue as of the date of this announcement. The Company is interested in 28.31% of the XYS Shares in issue, and the Controlling Shareholders and their respective associates are interested in 32.64% of the XYS Shares in issue. Xinyi Solar is not a subsidiary of the Company, but a connected person of the Company. Xinyi Energy is a connected person of the Company as it is a non-wholly owned subsidiary of Xinyi Solar.

As set forth in the XYE Prospectus, as part of the arrangements for the proposed spin-off and separate listing of Xinyi Energy, Xinyi Energy would implement the XYE Preferential Offering to the XYS Qualifying Shareholders of the XYE Reserved Share(s) in accordance with Practice Note 15 of the Listing Rules. The Company is one of the XYS Qualifying Shareholders, and the Company has decided to participate in the XYS Preferential Offering by submitting an XYE Blue Application Form for the subscription for such number of the XYE Reserved Shares pro rata to its XYE Assured Entitlement and the excess XYE Reserved Shares in full compliance with the requirements under the Listing Rules and the XYE Preferential Offering.

The following sets forth further information on the Proposed Equity Investment.

Date: Expected to be on or before 20 May 2019, being the last date of submission of XYE Blue Application Forms (as set forth in the XYE Prospectus).

Number of the XYE Reserved Shares applied for: 542,055,140 XYE Reserved Shares represented by:-

- (a) 227,798,367 XYE Reserved Shares being applied pro rata to the Company's XYS Assured Entitlement on the basis that one XYE Reserved Share for every integral multiple of 10 XYS Shares held by the Company; and
- (b) 314,256,773 XYE Reserved Shares being the excess XYE Reserved Shares.

Subscription price: Pursuant to the XYE Prospectus, the Company is required to pay HK\$2.35 for each XYE Reserved Share applied for subject to refund if (a) the XYE Offer Price is determined to be less than HK\$2.35 or (b) the number of allocated XYE Reserved Shares is less than the total number of the XYE Reserved Shares applied for by the Company. The total amount of subscription price paid by the Company is HK\$1,287.0 million.

The subscription price for each XYE Reserved Share paid by the Company is the same as (a) the subscription price paid by other XYS Qualifying Shareholders applying for the XYE Reserved Shares and (b) the subscription price paid by other investors of Xinyi Energy under the XYE Global Offering.

Pursuant to the XYE Prospectus, the XYE Offer Price will be determined following the “book-building” process to be conducted until the last day for lodging applications under the Hong Kong Public Offering (as defined in the XYE Prospectus).

**Allocation of the XYE
Reserved Shares:**

Subject to the conditions set forth under “Conditions of the Proposed Equity Investment” below, the allocation of the XYE Reserved Shares will be on a pro rata basis amongst all XYS Qualifying Shareholders (who have applied for XYE Reserved Shares) and no preferential treatment will be given to the Company (as one of the XYS Qualifying Shareholders) as compared to other XYS Qualifying Shareholders.

If there is any unsubscribed XYE Reserved Shares, the Joint Global Coordinators (as defined in the XYE Prospectus) will allocate the unsubscribed XYE Reserved Shares amongst the XYS Qualifying Shareholders (who have applied for excess XYE Reserved Shares) on a fair and reasonable basis which is consistent with the allocation basis commonly used in the case of over subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of excess XYE Reserved Shares and thereafter at the discretion of the Joint Global Coordinators (as defined in the XYE Prospectus), to other investors applied for the XYE Offer Shares in the International Offering (as defined in the XYE Prospectus).

**Conditions of the
Proposed Equity
Investment:**

The Proposed Equity Investment is subject to the same conditions as in the XYE Global Offering set forth in the XYE Prospectus. If the XYE Offer Price cannot be determined or that the underwriting arrangements, a summary of which is set forth in the XYE Prospectus, have not become unconditional, the Proposed Equity Investment will not proceed.

REASONS FOR AND BENEFITS OF THE PROPOSED EQUITY INVESTMENT

The Directors (including the independent non-executive Directors) have considered the operating results of Xinyi Energy set forth in the XYE Prospectus and are of the view that the current valuation of Xinyi Energy under the XYE Global Offering, as reflected in the indicative range of the XYE Offer Price, is reasonable as compared with the valuation of such comparable companies as the Directors consider appropriate. The XYE Offer Price will be determined following the “book-building” process to be conducted until the last day for lodging applications under the Hong Kong Public Offering.

In addition, the Directors (including the independent non-executive Directors) notice from the XYE Prospectus that Xinyi Energy intends to declare and distribute interim and final distributions in each year in an aggregate amount of not less than 90% of XYE Distributable Income (as defined in the XYE Prospectus), with an intent to distribute 100% of the XYE Distributable Income in each year. For the two years ending 31 December 2020, according to the XYE Prospectus, Xinyi Energy intends to declare and distribute 100% of the XYE Distributable Income. The Directors consider that such well-defined distribution policy will provide a predictable level of investment return to the Proposed Equity Investment.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Proposed Equity Investment are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Company uses its own internal financial resources for the Proposed Equity Investment, and the Proposed Equity Investment would form part of the Group’s long-term investments.

INFORMATION ON THE PARTIES INVOLVED

Xinyi Energy is a leading non-State owned solar farm owner and operator in the PRC in terms of the approved capacity of the utility-scale ground-mounded solar projects in operation.

The Controlling Shareholders and their respective associates are interested in 60.95% of the Shares in issue as of the date of this announcement. The Company is interested in 28.31% of the XYS Shares in issue, and the Controlling Shareholders and their respective associates are interested in 32.64% of the XYS Shares in issue. Xinyi Solar is not a subsidiary of the Company, but a connected person of the Company. Xinyi Energy is a connected person of the Company as it is a non-wholly owned subsidiary of Xinyi Solar.

IMPLICATIONS UNDER THE LISTING RULES

In light of the foregoing, the Proposed Equity Investment constitutes a connected transaction (as such term is defined under the Listing Rules) for the Company. The final amount of the Proposed Equity Investment would not be more than HK\$1,287.0 million. Based on the maximum amount of the Proposed Equity Investment, the applicable percentage ratios exceed 0.1% but less than 5%. The Proposed Equity Investment is therefore subject to the reporting and announcement requirements of Chapter 14A of the Listing Rules but exempt from the independent Shareholders' approval requirement.

All executive Directors, namely Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Mr. TUNG Ching Sai and Mr. LEE Shing Kan, and non-executive Directors, namely Mr. NG Ngan Ho, Mr. LI Ching Wai, Mr. SZE Nang Sze and Mr. LI Ching Leung, were required to abstain from voting on the Proposed Equity Investment. All independent non-executive Directors have voted for the Proposed Equity Investment.

The Company will issue further announcement when the number of the XYE Reserved Shares allocated to it and the final amount of the Proposed Equity Investment are confirmed.

DEFINITIONS USED IN THIS ANNOUNCEMENT

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“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 with the Shares listed on the Stock Exchange (stock code: 00868);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlled corporation(s)”	has the meaning ascribed to it under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);

“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and in the case of the Company, refers to Xinyi Glass and its subsidiaries, Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Sai, Mr. TUNG Ching Bor, Mr. LI Man Yin, Mr. NG Ngan Ho, Mr. LI Ching Leung, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. SZE Nang Sze and their respective controlled corporations;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries which for the avoidance of doubt, does not include Xinyi Solar, Xinyi Energy and their respective subsidiaries;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Proposed Equity Investment”	an equity investment of not more than HK\$1,287.0 million (subject to the final allocation of the XYE Reserved Shares amongst the participants of the XYE Preferential Offering pursuant to the terms set forth in the XYE Prospectus) in 542,055,140 XYE Reserved Shares (representing 227,798,367 XYE Reserved Shares pro rata to the Company’s XYE Assured Entitlement and 314,256,773 excess XYE Reserved Shares) through the submission of a XYE Blue Application Form on or before 20 May 2019;
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Xinyi Energy”	Xinyi Energy Holdings Limited (信義能源控股有限公司), a company incorporated in the British Virgin Islands as an exempted company with limited liability and is owned by Xinyi Solar as to 75% and the Controlling Shareholders as to 25% as of the date of this announcement;

“Xinyi Solar”	Xinyi Solar Holdings Limited (信義光能控股有限公司), a company incorporated in the Cayman Islands with limited liability with all XYS Shares listed on the Stock Exchange (stock code: 00968);
“XYE Assured Entitlement”	the entitlement of the XYS Qualifying Shareholders to apply for the XYE Reserved Shares under the XYE Preferential Offering on an assured basis to be determined on the basis of their respective shareholdings in Xinyi Solar as at 4:30 p.m. on the XYE Assured Entitlement Record Date;
“XYE Assured Entitlement Record Date”	Thursday, 9 May 2019 being the record date for the XYE Assured Entitlement in order to determine the entitlement of the XYS Qualifying Shareholders to XYE Reserved Shares under the XYE Preferential Offering;
“XYE Blue Application Form(s)”	the application forms issued by Xinyi Energy for the purpose of inviting the XYS Qualifying Shareholders to participate in the XYE Preferential Offering, a copy of which has been posted to each of the XYS Qualifying Shareholders (including the Company) and each a “XYE Blue Application Form”;
“XYE Global Offering”	the proposed global offering of the XYE Offer Shares by Xinyi Energy to (a) members of the public in Hong Kong and (b) selected professional and institutional investors and other investors (including the XYS Qualifying Shareholders);
“XYE Offer Price”	the offer price as finally determined by Xinyi Energy and the Joint Global Coordinators (as defined in the XYE Prospectus) which is expected to be in the indicative range between HK\$1.89 and HK\$2.35 for each XYE Offer Share;
“XYE Offer Share(s)”	1,882,609,471 XYE Shares being offered by Xinyi Energy under the XYE Global Offering pursuant to the terms and conditions set forth in the XYE Prospectus and each a “XYE Offer Share”;

“XYE Preferential Offering”	the assured offering to the XYE Qualifying Shareholders for subscription of the XYE Reserved Shares on and subject to the terms and conditions set forth in the XYE Prospectus and the XYE Blue Application Forms;
“XYE Prospectus”	the Hong Kong prospectus issued by Xinyi Energy on 15 May 2019 for the XYE Global Offering and the listing of Xinyi Energy on the Stock Exchange;
“XYE Reserved Share(s)”	804,736,584 XYE Shares being offered by Xinyi Energy for subscription by the XYE Qualifying Shareholders under the XYE Preferential Offering, representing 42.75% of the XYE Offer Shares, and each a “XYE Reserved Share”;
“XYE Share(s)”	the share(s) in issue or to be issued by Xinyi Energy with a nominal value of HK\$0.01 each;
“XYS Qualifying Shareholders”	XYS Shareholder(s) whose name(s) appeared on the register of members of Xinyi Solar at 4:30 p.m. on the XYE Assured Entitlement Record Date;
“XYS Shareholder(s)”	holder(s) of the XYE Shares; and
“XYS Share(s)”	share(s) of HK\$0.10 each in the share capital of Xinyi Solar.

By order of the Board
Xinyi Glass Holdings Limited
Dr. LEE Yin Yee, B.B.S.
Chairman

Hong Kong, 15 May 2019

As of the date of this announcement, the Board comprises four executive Directors, namely Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Mr. TUNG Ching Sai, and Mr. LEE Shing Kan, the non-executive Directors are Mr. NG Ngan Ho, Mr. LI Ching Wai, Mr. SZE Nang Sze, and Mr. LI Ching Leung, and the independent non-executive Directors are Mr. LAM Kwong Siu, S.B.S., Mr. WONG Chat Chor Samuel, Dr. WONG Ying Wai, G.B.S., JP, Mr. TRAN Chuen Wah, John and Mr. TAM Wai Hung, David.