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**XINYI AUTOMOBILE GLASS
HONG KONG ENTERPRISES LIMITED**

信義汽車玻璃香港企業有限公司

(Incorporated in the Cayman

Islands with limited liability)

(Stock code: 08328)

**ANNOUNCEMENT
CONTINUING CONNECTED
TRANSACTIONS
WIND FARM MANAGEMENT
AGREEMENT**



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)

**VOLUNTARY ANNOUNCEMENT
WIND FARM MANAGEMENT
AGREEMENT**

The XYG Board and the XYHK Board announce that the Wind Farm Management Agreement was entered into on 6 November 2020, pursuant to which the Contractor has agreed to provide management services for the operation of the Wind Farm for an initial term commencing from 6 November 2020 and ending on 31 October 2023.

As of the date of this joint announcement, the Controlling Shareholders and their respective associates are connected persons of XYHK at the issuer level. The Controlling Shareholders and their respective associates are also interested in an aggregate of 59.4% of the issued share capital of XYG which, through its wholly-owned subsidiary, Xinyi Energy Smart (Wuhu), holds 82.0% of the equity interest in the Wind Farm Owner. Accordingly, the Wind Farm Owner, being an associate of the Controlling Shareholders, is also a connected person of XYHK. The Wind Farm Management Agreement and the transactions contemplated thereunder constitute continuing connected transactions for XYHK and XYG.

Implications under the GEM Listing Rules for XYHK

As the Transaction Caps represent more than 0.1% but less than 5.0% of the applicable percentage ratios (other than profits ratio) under the GEM Listing Rules and are expected to exceed HK\$3.0 million, the Wind Farm Management Agreement and the transactions contemplated thereunder will be subject to reporting, announcement and annual review requirements but will be exempt from independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Implications under the Listing Rules for XYG

Based on the Transaction Caps, the Wind Farm Management Agreement and the transactions contemplated thereunder fall within the scope of the *de minimis* threshold under Chapter 14A of the Listing Rules. This announcement is made by XYG on a voluntary basis.

WIND FARM MANAGEMENT AGREEMENT

The XYG Board and the XYHK Board announce that the Wind Farm Management Agreement was entered into on 6 November 2020, pursuant to which the Contractor has agreed to provide management services for the operation of the Wind Farm for an initial term commencing from 6 November 2020 and ending on 31 October 2023.

The principal terms of the Wind Farm Management Agreement are set forth below:

Date	:	6 November 2020
Parties	:	(a) the Wind Farm Owner; and (b) the Contractor.
Term	:	Three years commencing from 6 November 2020 and ending on 31 October 2023, subject to renewal upon expiry.
Services	:	The Contractor will be engaged by the Wind Farm Owner to provide management services for the operation of the Wind Farm.

Service fee : The basic service fee payable by the Wind Farm Owner to the Contractor is RMB1.5 million (equivalent to HK\$1.7 million) per annum, subject to an annual adjustment (as the case may be) (the “**Service Fee Adjustment**”) as follows:

- (i) if the audited net profit before taxation of the Wind Farm Owner derived from the Wind Farm in a calendar year is more than RMB20.0 million (equivalent to HK\$23.2 million), the Wind Farm Owner shall pay to the Contractor 66.0% of the excess amount of the audited net profit before taxation up to RMB7.0 million (equivalent to HK\$8.1 million) and
- (ii) if the audited net profit before taxation of the Wind Farm Owner derived from the Wind Farm in a calendar year is less than RMB20.0 million (equivalent to HK\$23.2 million), the Contractor shall pay to the Wind Farm Owner 66.0% of the shortfall of the audited net profit before taxation up to RMB7.0 million (equivalent to HK\$8.1 million).

Payment terms : The amount of the basic service fee shall be paid by the Wind Farm Owner to the Contractor on a monthly basis.

As regards any amount payable by the Wind Farm Owner to the Contractor under the Service Fee Adjustment (after deducting any outstanding subsidies from the PRC government), 60.0% of which shall be settled in one lump sum within 60 days after the financial year-end of the Wind Farm Owner and the remaining balance of 40.0% shall be paid to the Contractor within 30 days on a pro-rata basis after each time the Wind Farm Owner has received subsidy from the PRC government.

Any amount payable by the Contractor to the Wind Farm Owner under the Service Fee Adjustment shall be settled in one lump sum within 60 days after the financial year-end of the Wind Farm Owner.

The basic service fee and any amount payable by the Wind Farm Owner under the Service Fee Adjustment will be funded by the XYG Group’s internal resources. Any amount payable by the Contractor under the Service Fee Adjustment will be funded by the XYHK Group’s internal resources.

- Expenses** : All expenses incurred by the Contractor for the provision of the management services shall be borne by the Contractor. All other expenses shall be borne by the Wind Farm Owner.
- Termination** : The Wind Farm Management Agreement will be terminated upon, among others, a change of control in the Wind Farm Owner, i.e. XYG is no longer interested in 50.0% or more in the equity interest in the Wind Farm Owner or that XYHK is no longer interested in any shareholding in the Wind Farm Owner.

Historical transaction amounts

Since the third quarter of 2017, the XYHK Group has been providing management services to the Wind Farm, but on a different contractual arrangement. Such transactions fell within the scope of the *de minimis* threshold under Chapter 20 of the GEM Listing Rules (for XYHK) and Chapter 14A of the Listing Rules (for XYG). The table below sets forth the historical transaction amounts paid by XYG to XYHK in respect of the provision of management services to the Wind Farm for the three years ended 31 December 2019:

	Year ended 31 December		
	2017	2018	2019
Historical transaction amounts	RMB0.5 million (equivalent to HK\$0.5 million)	RMB1.5 million (equivalent to HK\$1.7 million)	RMB1.5 million (equivalent to HK\$1.7 million)

Transaction Caps

The table below sets forth the Transaction Caps for the period from 6 November 2020 to 31 December 2020, the two years ending 31 December 2022 and the period from 1 January 2023 to 31 October 2023:

	Period from 6 November 2020 to 31 December 2020	Year ending 31 December		Period from 1 January 2023 to 31 October 2023
		2021	2022	
Transaction Caps	RMB1.4 million (equivalent to HK\$1.6 million)	RMB8.5 million (equivalent to HK\$9.9 million)	RMB8.5 million (equivalent to HK\$9.9 million)	RMB7.1 million (equivalent to HK\$8.2 million)

In determining the Transaction Caps, the XYG Board and the XYHK Board have considered, among others:

- (i) the estimated costs of managing the Wind Farm for the services to be rendered;
- (ii) the expected total revenue and net profit of the Wind Farm Owner for the period from 6 November 2020 to 31 December 2020, and the two years ending 31 December 2022 and the period from 1 January 2023 to 31 October 2023 based on the historical electricity output and operating costs of the Wind Farm; and
- (iii) the expected amount of the Service Fee Adjustment, if applicable.

If the transaction amount under the Wind Farm Management Agreement is expected to be more than the Transaction Caps or there is any material change to the terms of the Wind Farm Management Agreement, XYG and XYHK will comply with the applicable requirements under the Listing Rules and GEM Listing Rules, respectively, as and when appropriate.

INFORMATION OF THE PARTIES

Information on the Wind Farm Owner

The Wind Farm Owner is a limited liability company established in the PRC and is owned as to 82.0% by Xinyi Energy Smart (Wuhu) and 18.0% by Anhui Xinyi. The Wind Farm Owner is principally engaged in the operation of wind farm for electricity generation in the PRC with the first wind farm project grid-connected in 2017.

Information on the Contractor

The Contractor is a wholly-owned subsidiary of XYHK. The Contractor is principally engaged in the wind power facilities development in the PRC. The Contractor and the dedicated teams employed by it are experienced in managing wind power projects.

Information on XYG

Xinyi Energy Smart (Wuhu) is a wholly-owned subsidiary of XYG. XYG is principally engaged in the production and sales of automobile glass, architectural glass and float glass products through production facilities located in the PRC. XYG is a company listed on the Stock Exchange (stock code: 00868).

Information on XYHK

Anhui Xinyi is a wholly-owned subsidiary of XYHK. XYHK is principally engaged in the business of the automobile glass repair and replacement services in Hong Kong, production and sales of lithium battery products, production and sales as well as provision of contract processing services for battery packs and energy storage systems in the PRC. XYHK is a company listed on GEM (stock code: 08328).

REASONS FOR AND BENEFITS OF ENTERING INTO THE WIND FARM MANAGEMENT AGREEMENT

Since the third quarter of 2017, XYHK has been providing management services to the Wind Farm. Under the existing arrangement, XYHK is only responsible for managing the operation of the Wind Farm under the instructions and directions given by the Wind Farm Owner. Under the Wind Farm Management Agreement, XYHK will be entrusted with the entire operation of the Wind Farm. As a result, XYHK will be able to optimise the performance of the Wind Farm and will be entitled to the benefit under the Service Fee Adjustment. The XYHK Directors anticipate that the management services to be provided under the Wind Farm Management Agreement will fully utilise the dedicated supporting teams employed by the Contractor. In addition, XYHK may further expand its management business of wind farm projects. The XYHK Directors believe that the experience in operating the Wind Farm under the Wind Farm Management Agreement would enhance the business of the XYHK Group.

Having considered the above, the XYHK Directors (including the independent non-executive directors of XYHK) consider that the Transaction Caps, the terms of the Wind Farm Management Agreement (including the Service Fee Adjustment) and the transactions contemplated thereunder are on normal commercial terms and are in the ordinary and usual course of business of XYHK and are fair and reasonable and in the interests of XYHK and its shareholders as a whole.

The XYG Directors (including the independent non-executive directors of XYG) consider that the Transaction Caps, the terms of the Wind Farm Management Agreement (including the Service Fee Adjustment) and the transactions contemplated thereunder are on normal commercial terms and are in the ordinary and usual course of business of XYG and are fair and reasonable and in the interests of XYG and its shareholders as a whole.

APPROVAL BY THE BOARDS OF DIRECTORS

As each of the following XYG Directors, namely Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.*, Mr. LI Ching Wai, Mr. LI Ching Leung, Mr. SZE Nang Sze and Mr. NG Ngan Ho, has interests in the share capital of XYHK, each of them has abstained from voting on the resolutions for considering and approving the entering of the Wind Farm Management Agreement and the transactions contemplated thereunder in the relevant board meeting.

As each of the following XYHK Directors, namely Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.* and Mr. NG Ngan Ho, has interests in the share capital of XYG, each of them has abstained from voting on the resolutions for considering and approving the entering of the Wind Farm Management Agreement and the transactions contemplated thereunder in the relevant board meeting.

IMPLICATIONS UNDER THE GEM LISTING RULES AND THE LISTING RULES

As of the date of this joint announcement, the Controlling Shareholders and their respective associates are connected persons of XYHK at the issuer level. The Controlling Shareholders and their respective associates are also interested in an aggregate of 59.4% of the issued share capital of XYG which, through its wholly-owned subsidiary, Xinyi Energy Smart (Wuhu), holds 82.0% of the equity interest in the Wind Farm Owner. Accordingly, the Wind Farm Owner, being an associate of the Controlling Shareholders, is also a connected person of XYHK. The Wind Farm Management Agreement and the transactions contemplated thereunder constitute continuing connected transactions for XYHK and XYG.

Implications under the GEM Listing Rules for XYHK

As the Transaction Caps represent more than 0.1% but less than 5.0% of the applicable percentage ratios (other than profits ratio) under the GEM Listing Rules and are expected to exceed HK\$3.0 million, the Wind Farm Management Agreement and the transactions contemplated thereunder will be subject to reporting, announcement and annual review requirements but will be exempt from independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Implications under the Listing Rules for XYG

Based on the Transaction Caps, the Wind Farm Management Agreement and the transactions contemplated thereunder fall within the scope of the *de minimis* threshold under Chapter 14A of the Listing Rules. This announcement is made by XYG on a voluntary basis.

DEFINITIONS

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

“Anhui Xinyi”	Auhui Xinyi Power Source Company Limited (安徽信義電源有限公司), a sino-foreign equity joint venture established in the PRC and a wholly-owned subsidiary of XYHK;
“associate(s)”	has the meaning ascribed to it under the Listing Rules or GEM Listing Rules;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules or GEM Listing Rules;
“Contractor”	Wuwei Xinyi Wind Power Company Limited (無為信義風能有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of XYHK;
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules which in the context of this joint announcement, the controlling shareholders of XYHK, namely Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, J.P., 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;
“GEM”	The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited;
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“MW”	megawatt, a measurement unit of electricity;

“PRC”	The People’s Republic of China which for the purpose of this joint announcement does not include Hong Kong, The Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC;
“Service Fee Adjustment”	the Service Fee Adjustment to the amount of service fee payable by the Wind Farm Owner to the Contractor or vice versa under the Wind Farm Management Agreement, further information on which is set forth in the paragraphs under “Wind Farm Management Agreement — Service fee” in this joint announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction Caps”	the maximum transaction amount under the Wind Farm Management Agreement (including the expected amount of the Service Fee Adjustment, if applicable) for the period from 6 November 2020 to 31 December 2020, the two years ending 31 December 2022 and the period from 1 January 2023 to 31 October 2023;
“Wind Farm”	the wind farm located at Jinzhai County, the PRC with the power output of 64MW and owned by the Wind Farm Owner;
“Wind Farm Management Agreement”	the wind farm management agreement dated 6 November 2020 between the Wind Farm Owner and the Contractor for the purpose of rendering management services by the Contractor to the Wind Farm;
“Wind Farm Owner”	Xinyi Wind Power (Jinzhai) Company Limited (金寨信義風能有限公司), a limited liability company established in the PRC and owned as to 82.0% and 18.0% by Xinyi Energy Smart (Wuhu) and Anhui Xinyi, respectively;
“Xinyi Energy Smart (Wuhu)”	Xinyi Energy Smart (Wuhu) Company Limited (信義節能玻璃(蕪湖)有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of XYG;

“XYG”	Xinyi Glass Holdings Limited (信義玻璃控股有限公司), a company incorporated in the Cayman Islands with limited liability, all the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00868);
“XYG Board”	the board of directors of XYG;
“XYG Director(s)”	the directors of XYG;
“XYG Group”	XYG and its subsidiaries;
“XYHK”	Xinyi Automobile Glass Hong Kong Enterprises Limited (信義汽車玻璃香港企業有限公司), a company incorporated in the Cayman Islands with limited liability, all the shares of which are listed on GEM (stock code: 08328);
“XYHK Board”	the board of directors of XYHK;
“XYHK Director(s)”	the directors of XYHK;
“XYHK Group”	XYHK and its subsidiaries; and
“%”	per cent.

By order of the Board
**Xinyi Automobile Glass Hong Kong
Enterprises Limited**
NG Ngan Ho
Executive Director

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

Hong Kong, 6 November 2020

For the purpose of this joint announcement, the exchange rate of RMB1.0 to HK\$1.16 has been used for currency translation, where applicable. Such exchange rate is for illustration purposes only and does not constitute representations that any amounts in HK\$ or RMB have been, could have been or may be converted at such rate.

As of the date of this joint announcement, the XYG Board comprises (i) four executive directors, namely Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, J.P. and Mr. LEE Shing Kan, (ii) four non-executive directors, namely Mr. LI Ching Wai, Mr. LI Ching Leung, Mr. SZE Nang Sze and Mr. NG Ngan Ho, and (iii) five independent non-executive directors, namely Mr. LAM Kwong Siu, G.B.S., Mr. WONG Chat Chor Samuel, Dr. WONG Ying Wai, G.B.S., J.P., Dr. TRAN Chuen Wah, John and Mr. TAM Wai Hung, David.

As of the date of this joint announcement, the XYHK Board comprises (i) two executive directors, namely Mr. NG Ngan Ho and Ms. LI Pik Yung, (ii) two non-executive directors, namely Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M., J.P. (Chairman) and Mr. LEE Shing Kan, and (iii) three independent non-executive directors, namely Mr. WANG Guisheng, Mr. NG Wai Hung and Mr. CHAN Hak Kan, B.B.S., J.P..

This joint announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and XYG at www.xinyiglass.com

This joint announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.hk for at least 7 days from the date of its posting and be posted on the website of XYHK at www.xyglass.com.hk.