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XINYI ELECTRIC STORAGE HOLDINGS LIMITED

信義儲電控股有限公司

*(Incorporated in the Cayman
Islands with limited liability)*

(Stock code: 08328)

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)

**CONTINUING CONNECTED
TRANSACTIONS
STEAM SUPPLY AGREEMENT**

VOLUNTARY ANNOUNCEMENT

On 2 March 2022, the Steam Supply Agreement has been entered into, pursuant to which Xinyi Glass (Jiangsu) has agreed to supply, and Xinyi Power (Suzhou) has agreed to purchase, industrial steam for the production requirements of the XES Group. The industrial steam flow is converted from the residual heat generated in the glass production process of Xinyi Glass (Jiangsu). The industrial steam sourced by Xinyi Power (Suzhou) will be used for the production of electric storage products.

Implications under the GEM Listing Rules for Xinyi Electric Storage

Xinyi Glass (Jiangsu) is a wholly-owned subsidiary of Xinyi Glass. The Controlling Shareholders and their respective associates are in aggregate interested in more than 30% of the XYG Shares in issue. Accordingly, Xinyi Glass (Jiangsu) is a connected person of Xinyi Electric Storage and the transactions contemplated under the Steam Supply Agreement constitute continuing connected transactions for Xinyi Electric Storage under Chapter 20 of the GEM Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) calculated with reference to the annual caps for the Steam Supply Agreement pursuant to Rule 19.07 of the GEM Listing Rules is more than 0.1% but less than 5% and the total consideration exceeds HK\$3.0 million, the continuing connected transactions under the Steam Supply Agreement are subject to reporting, annual review and announcement requirements, but are exempt from circular (including independent financial advice) and shareholders' approval requirements for Xinyi Electric Storage under Chapter 20 of the GEM Listing Rules.

Implications under the Listing Rules for Xinyi Glass

Xinyi Power (Suzhou) is a wholly-owned subsidiary of Xinyi Electric Storage. The Controlling Shareholders and their respective associates are in aggregate interested in more than 30% of the XES Shares in issue. Accordingly, Xinyi Power (Suzhou) is a connected person of Xinyi Glass and the transactions contemplated under the Steam Supply Agreement constitute continuing connected transactions for Xinyi Glass under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) calculated with reference to the annual caps for the Steam Supply Agreement pursuant to Rule 14.07 of the Listing Rules is less than 0.1%, the continuing connected transactions under the Steam Supply Agreement fall within the scope of the de minimis threshold for Xinyi Glass under Rule 14A.76(1)(a) of the Listing Rules. This announcement is made by Xinyi Glass on a voluntary basis.

INTRODUCTION

On 2 March 2022, the Steam Supply Agreement has been entered into, pursuant to which Xinyi Glass (Jiangsu) has agreed to supply, and Xinyi Power (Suzhou) has agreed to purchase, industrial steam for the production requirements of the XES Group. The industrial steam flow is converted from the residual heat generated in the glass production process of Xinyi Glass (Jiangsu). The industrial steam sourced by Xinyi Power (Suzhou) will be used for the production of electric storage products.

PRINCIPAL TERMS OF THE STEAM SUPPLY AGREEMENT

The principal terms of the Steam Supply Agreement are set forth below:

Date: 2 March 2022

Parties: (a) Xinyi Glass (Jiangsu), as the supplier and
(b) Xinyi Power (Suzhou), as the purchaser.

Term: Commencing on 2 March 2022 and ending on 31 December 2024 (both days inclusive).

Subject matter: Upon the request of Xinyi Power (Suzhou), Xinyi Glass (Jiangsu) will supply through the network of sealed pipelines industrial steam flow of not less than 0.56 Mpa and temperature of 145 degrees Celsius to Xinyi Power (Suzhou) for its production purpose.

Payment term: Xinyi Glass (Jiangsu) will issue monthly invoices to Xinyi Power (Suzhou) on the supplied volume of industrial steam measured by the relevant steam meters, and such amount will be payable by Xinyi Power (Suzhou) by way of bank transfer within the next 10 business days in the PRC.

PRICING BASIS

The initial purchase price for each tonne of the industrial steam supplied under the Steam Supply Agreement is RMB180.0 (including PRC value-added tax) which has been determined by the parties thereto on an arm's length basis and upon normal commercial terms with reference to the latest Steam Reference Prices. If there is any material change in the Steam Reference Prices, the purchase prices under the Steam Supply Agreement would be adjusted accordingly up to the maximum amount of not more than the Steam Reference Prices at the time of the adjustment.

ANNUAL CAPS FOR THE STEAM SUPPLY AGREEMENT

The XES Directors expect that the transaction amounts (excluding PRC value-added tax) under the Steam Supply Agreement for each of the ten months ending 31 December 2022 and the two years ending 31 December 2024 would not exceed RMB2.7 million (approximately HK\$3.3 million), RMB3.3 million (approximately HK\$4.1 million) and RMB3.3 million (approximately HK\$4.1 million), respectively, which represents the annual cap under the Steam Supply Agreement for the same period. Such annual cap has been determined with reference to the following principal factors:

- (a) the latest Steam Reference Prices, the prevailing local market prices of industrial steam and the likely price changes during the term of the Steam Supply Agreement; and
- (b) the expected purchase volume of industrial steam from Xinyi Power (Suzhou) during the term of the Steam Supply Agreement.

There is no minimum purchase amount under the Steam Supply Agreement. If the total annual transaction amount under the Steam Supply Agreement is expected to be more than the relevant annual cap or there is any material change to the terms of the Steam Supply Agreement, Xinyi Electric Storage and Xinyi Glass will comply with the applicable requirements under the GEM Listing Rules and the Listing Rules, respectively, as and when appropriate.

REASONS FOR AND BENEFITS OF ENTERING INTO THE STEAM SUPPLY AGREEMENT

Xinyi Power (Suzhou) is principally engaged in the production and sales of electric storage products, including lithium batteries, in Zhangjiagang City, Jiangsu Province where Xinyi Glass (Jiangsu) also operates. The production process of lithium batteries involves the use of steam flow in the coating process. The production base of Xinyi Power (Suzhou) is very close to that of Xinyi Glass (Jiangsu) which facilitates the supply of the industrial steam through sealed pipelines. Xinyi Power (Suzhou) has been sourcing industrial steam from Xinyi Glass (Jiangsu), but the historical amount fell within the scope of the de minimis threshold under Rule 20.74(1) of the GEM Listing Rules for Xinyi Electric Storage as of the date of this announcement.

Xinyi Glass (Jiangsu) is principally engaged in the production of float glass, and the residual heat generated from the production process could be converted into pressurised steam for sales to third parties, including Xinyi Power (Suzhou). These sales are beneficial to the XYG Group.

As Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.*, a non-executive XES Director, is an executive XYG Director and has interests in the XYG Shares in issue, Mr. NG Ngan Ho, an executive XES Director, is a non-executive XYG Director and has interests in the XYG Shares in issue, and Mr. LEE Shing Kan, a non-executive XES Director, is an executive XYG Director, each of them has abstained from voting on the resolutions on the Steam Supply Agreement at the relevant XES Board meeting.

Excluding the XES Directors who have abstained from voting, the XES Board (including all independent non-executive XES Directors) is of the opinion that it is in the interests of the XES Group to source industrial steam from the XYG Group and consider that terms of the Steam Supply Agreement (including the annual caps) and the transactions contemplated thereunder have been entered into (a) on normal commercial terms after arm's length negotiations; (b) in the ordinary and usual course of the business of the XES Group; and (c) on terms that are fair and reasonable and in the interest of Xinyi Electric Storage and its shareholders as a whole.

GENERAL INFORMATION ON THE PARTIES

Xinyi Electric Storage is an investment holding company and a company listed on GEM (stock code: 08328). The XES Group is principally engaged in the business of the provision of automobile glass repair and replacement services in Hong Kong, the production and sales of electric storage products and the related provision of contract processing services in the PRC. In addition, the XES Group is also engaged in the

provision of engineering, procurement and construction services for solar projects. Xinyi Power (Suzhou) is a wholly-owned subsidiary of Xinyi Electric Storage. The principal business of Xinyi Power (Suzhou) includes research, production and sales of electric storage products and provision of engineering, procurement and construction services in the PRC.

Xinyi Glass is an investment holding company and a company listed on the Main Board (stock code: 00868). The XYG Group is principally engaged in the production and sales of a wide range of glass products, including automobile glass, architectural glass, float glass and other glass products for different commercial and industrial applications. Xinyi Glass (Jiangsu) is a wholly-owned subsidiary of Xinyi Glass and is principally engaged in the manufacturing of float glass in the PRC.

INTERNAL CONTROL MEASURES ADOPTED BY THE XES GROUP

The XES Group has established the following internal control measures to monitor the transactions contemplated under the Steam Supply Agreement:

- (a) The senior management and the relevant departments of the XES Group will review and assess whether the terms are comparable to those offered by independent third parties to the XES Group, and adhere to the respective pricing bases for the transactions by collating updated information on the prevailing market prices of the industrial steam of comparable quality which is supplied in comparable volume through the similar infrastructure from time to time for the purpose of ensuring that the purchase prices of industrial steam paid and payable by the XES Group to the XYG Group are comparable to those offered by independent third parties to the XES Group. Information on the market prices will be obtained through, among other things, quotations from independent third parties or pricing information obtained from industry researches and websites (including the Steam Reference Prices).
- (b) Designated personnel from the relevant departments of the XES Group will monitor the actual transaction amounts on a regular basis for the purpose of ensuring that the annual cap has not been exceeded and is complying with the respective pricing basis of the transactions.
- (c) The finance department of the XES Group will prepare a monthly summary of the actual transaction amounts.
- (d) The internal audit department of the XES Group will review and conduct sample checks on the purchase amounts under the Steam Supply Agreement during the course of its annual review for the purpose of ensuring that the pricing basis and the internal control procedures under the Steam Supply Agreement are complied with.

- (e) The independent non-executive XES Directors will review the continuing connected transactions on an annual basis and report their opinion to the XES Board.
- (f) The auditors of Xinyi Electric Storage will conduct annual review on the transactions contemplated by the Steam Supply Agreement and report their findings and conclusions to the XES Board.

IMPLICATIONS UNDER THE GEM LISTING RULES FOR XINYI ELECTRIC STORAGE

Xinyi Glass (Jiangsu) is a wholly-owned subsidiary of Xinyi Glass. The Controlling Shareholders and their respective associates are in aggregate interested in more than 30% of the XYG Shares in issue. Accordingly, Xinyi Glass (Jiangsu) is a connected person of Xinyi Electric Storage and the transactions contemplated under the Steam Supply Agreement constitute continuing connected transactions for Xinyi Electric Storage under Chapter 20 of the GEM Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) calculated with reference to the annual caps for the Steam Supply Agreement pursuant to Rule 19.07 of the GEM Listing Rules is more than 0.1% but less than 5% and the total consideration exceeds HK\$3.0 million, the continuing connected transactions under the Steam Supply Agreement are subject to reporting, annual review and announcement requirements, but are exempt from circular (including independent financial advice) and shareholders' approval requirements for Xinyi Electric Storage under Chapter 20 of the GEM Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES FOR XINYI GLASS

Xinyi Power (Suzhou) is a wholly-owned subsidiary of Xinyi Electric Storage. The Controlling Shareholders and their respective associates are in aggregate interested in more than 30% of the XES Shares in issue. Accordingly, Xinyi Power (Suzhou) is a connected person of Xinyi Glass and the transactions contemplated under the Steam Supply Agreement constitute continuing connected transactions for Xinyi Glass under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) calculated with reference to the annual caps for the Steam Supply Agreement pursuant to Rule 14.07 of the Listing Rules is less than 0.1%, the continuing connected transactions under the Steam Supply Agreement fall within the scope of the de minimis threshold for Xinyi Glass under Rule 14A.76(1)(a) of the Listing Rules. This announcement is made by Xinyi Glass on a voluntary basis.

DEFINITIONS USED IN THIS JOINT ANNOUNCEMENT

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

“associate”	has the meaning ascribed to it under the GEM Listing Rules and the Listing Rules;
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules and the Listing Rules;
“Controlling Shareholder(s)”	refers to Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai <i>P.S.M, D.M.S.M, J.P.</i> , Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. NG Ngan Ho, Mr. LI Man Yin, Mr. SZE Nang Sze, Mr. LI Ching Leung and their respective controlled corporations;
“GEM”	means The Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	means The Rules Governing the Listing of Securities on GEM;
“Hong Kong”	means The Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong dollars” or “HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“independent third party(ies)”	means third party(ies) independent of and not connected with any of the connected person(s) of the relevant listed company(ies) and their respective associates;
“Listing Rules”	means The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Main Board”	means the main board of the Stock Exchange which is independent from and operated in parallel with GEM;
“Mpa”	means megapascal, a basic unit of pressure;

“PRC”	means 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 PRC and Taiwan;
“Renminbi” or “RMB”	means Renminbi, the lawful currency of the PRC;
“Steam Reference Prices”	mean the reference prices of steam products for industrial applications set forth in the written notice issued by Zhangjiagang Development and Reform Commission* (張家港市發展和改革委員會) from time to time;
“Steam Supply Agreement”	means the steam supply agreement dated 2 March 2022 entered into for the supply of industrial steam by Xinyi Glass (Jiangsu) to Xinyi Power (Suzhou);
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“XES Board”	means the board of directors of Xinyi Electric Storage;
“XES Director(s)”	means the director(s) of Xinyi Electric Storage;
“XES Group”	means Xinyi Electric Storage and its subsidiaries;
“XES Shares”	means the issued shares of Xinyi Electric Storage;
“Xinyi Power (Suzhou)”	means Xinyi Power (Suzhou) Company Limited (信義電源(蘇州)有限公司), a wholly-foreign owned enterprise established in the PRC and a wholly-owned subsidiary of Xinyi Electric Storage;
“Xinyi Electric Storage”	means Xinyi Electric Storage Holdings Limited (信義儲電控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM (stock code: 08328);

“Xinyi Glass”	means Xinyi Glass Holdings Limited (信義玻璃控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board (stock code: 00868);
“Xinyi Glass (Jiangsu)”	means Xinyi Glass (Jiangsu) Company Limited (信義玻璃(江蘇)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Xinyi Glass;
“XYG Board”	means the board of directors of Xinyi Glass;
“XYG Director(s)”	means the director(s) of Xinyi Glass;
“XYG Group”	means Xinyi Glass and its subsidiaries;
“XYG Shares”	means the issued shares of Xinyi Glass; and
“%”	denotes as per cent.

By order of the board of directors of
Xinyi Electric Storage Holdings Limited
Tan Sri Datuk TUNG Ching Sai
P.S.M, D.M.S.M, J.P.
Chairman

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

Hong Kong, 2 March 2022

* *For identification only.*

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

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

This joint announcement, for which the XES Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to Xinyi Electric Storage. The XES Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this joint announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this joint announcement misleading.

This joint announcement will be published on the website of the Stock Exchange at www.hkexnews.hk, remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting, and on the websites of Xinyi Glass at www.xinyiglass.com and Xinyi Electric Storage at www.xyglass.com.hk.