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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)

JOINT ANNOUNCEMENT

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
2023 WIND FARM MANAGEMENT AGREEMENT**

The XES Board and the XYG Board jointly announce that the 2023 Wind Farm Management Agreement has been entered into on 31 October 2023 (after trading hours), pursuant to which the Wind Farm Manager will continue to provide management services for the operation of Jinzhai Wind Farm for the two months ending 31 December 2023 and each of the two years ending 31 December 2025.

As of the date of this joint announcement, the Controlling Shareholders and their respective associates are connected persons of Xinyi Electric Storage at the issuer level. The Controlling Shareholders and their respective associates are also interested in an aggregate of 65.79% of the issued share capital of Xinyi Glass 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 Xinyi Electric Storage. The 2023 Wind Farm Management Agreement and the transactions contemplated thereunder constitute continuing connected transactions for Xinyi Electric Storage and Xinyi Glass.

As the Annual Caps represent more than 0.1% but less than 5.0% of the applicable percentage ratios under the GEM Listing Rules and are expected to exceed HK\$3.0 million, the 2023 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.

Based on the latest available financial information of Xinyi Glass as of and for the six months ended 30 June 2023 and the year ended 31 December 2022, the transaction amounts involved under the 2023 Wind Farm Management Agreement fall within the *de minimis* threshold for Xinyi Glass under Chapter 14A of the Listing Rules.

The XES Board and the XYG Board jointly announce that the 2023 Wind Farm Management Agreement has been entered into on 31 October 2023 (after trading hours), pursuant to which the Wind Farm Manager will continue to provide management services for the operation of Jinzhai Wind Farm. The 2023 Wind Farm Management Agreement is a renewal of the 2020 Wind Farm Management Agreement, and the table below sets forth a summary of its principal terms:

Date:	31 October 2023 (after trading hours)
Parties:	(a) the Wind Farm Owner and (b) the Wind Farm Manager.
Term:	Two months ending 31 December 2023 and each of the two years ending 31 December 2025.
Services:	The Wind Farm Manager will provide management services for the operation of Jinzhai Wind Farm.
Service fee:	The basic service fee payable by the Wind Farm Owner to the Wind Farm Manager is RMB1.8 million (equivalent to HK\$1.9 million) per annum, subject to an annual adjustment (as the case may be) (the “ Service Fee Adjustment ”) as follows: (a) if the audited net profit before taxation of the Wind Farm Owner derived from Jinzhai Wind Farm in a calendar year is more than RMB20.0 million (equivalent to HK\$21.3 million), the Wind Farm Owner shall pay to the Wind Farm Manager 66.0% of the excess amount of the audited net profit before taxation up to RMB8.2 million (equivalent to HK\$8.8 million) and

- (b) if the audited net profit before taxation of the Wind Farm Owner derived from Jinzhai Wind Farm in a calendar year is less than RMB20.0 million (equivalent to HK\$21.3 million), the Wind Farm Manager shall pay to the Wind Farm Owner 66.0% of the shortfall of the audited net profit before taxation up to RMB8.2 million (equivalent to HK\$8.8 million).

Payment terms:

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

As regards any amount payable by the Wind Farm Owner to the Wind Farm Manager under the Service Fee Adjustment, 60.0% of which shall be settled in one lump sum within 60 days after the financial year-end of the Wind Farm Owner, whereas the remaining balance of 40.0% shall be paid to the Wind Farm Manager 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 Wind Farm Manager 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 Wind Farm Manager under the Service Fee Adjustment will be funded by the XES Group's internal resources.

Expenses: All expenses incurred by the Wind Farm Manager for the provision of the management services shall be borne by the Wind Farm Manager. All other expenses shall be borne by the Wind Farm Owner.

Termination: The 2023 Wind Farm Management Agreement will be terminated upon, among others, a change of control in the Wind Farm Owner, i.e. Xinyi Glass is no longer interested in 50.0% or more in the equity interest in the Wind Farm Owner or that Xinyi Electric Storage is no longer interested in any shareholding in the Wind Farm Owner.

PRICING BASIS

The service fee is to be determined between the Wind Farm Owner and the Wind Farm Manager on an arm's length basis and upon normal commercial terms, which shall be no less favourable than the service fees for comparable services offered by the Wind Farm Manager to independent third parties, or by independent third parties to the Wind Farm Owner (as the case may be). The service fee is on the basis of the prevailing market rate or at the rate no less favorable to the Wind Farm Owner than any other independent third parties, with particular consideration to the uniqueness and proximity of the services provided, and the familiarity of such services to the advantage of the Wind Farm Owner. The service fee under the 2023 Wind Farm Management Agreement is subject to review by the management of the relevant departments of the XES Group and the XYG Group on a regular basis.

ANNUAL CAPS AND HISTORICAL TRANSACTION AMOUNTS

The annual caps and historical transaction amounts for the management services provided for the operation of Jinzhai Wind Farm under the 2020 Wind Farm Management Agreement for the period from 6 November to 31 December 2020, the two years ended 31 December 2022 and the nine months ended 30 September 2023 are set forth as follows:

	For the period from 6 November to 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2022	Nine months ended 30 September 2023
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Annual caps	1.4	8.5	8.5	7.1
	(equivalent to HK\$1.5 million)	(equivalent to HK\$9.1 million)	(equivalent to HK\$9.1 million)	(equivalent to HK\$7.6 million) ^(Note)
Historical transaction amounts	1.2	8.0	8.0	6.0
	(equivalent to HK\$1.3 million)	(equivalent to HK\$8.5 million)	(equivalent to HK\$8.5 million)	(equivalent to HK\$6.4 million)

Note:

This amount is for the ten months ending 31 October 2023.

The table below sets forth the Annual Caps:

	Two months ending 31 December 2023	Year ending 31 December 2024	2025
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Annual Caps	1.7	10.0	10.0
	(equivalent to HK\$1.8 million)	(equivalent to HK\$10.7 million)	(equivalent to HK\$10.7 million)

Basis used in determining the Annual Caps

In estimating the Annual Caps, the XES Board and the XYG Board have considered, among others:

- (a) the estimated costs of managing Jinzhai Wind Farm for the services to be rendered;
- (b) the expected total revenue and net profit of the Wind Farm Owner for the two months ending 31 December 2023 and each of the two years ending 31 December 2025 based on the historical electricity output and operating costs of Jinzhai Wind Farm; and
- (c) the expected amount of the Service Fee Adjustment, if applicable.

If the transaction amount under the 2023 Wind Farm Management Agreement is expected to be more than the Annual Caps or there is any material change to any of the terms of the 2023 Wind Farm Management Agreement, Xinyi Electric Storage and Xinyi Glass will comply with the applicable requirements under the GEM Listing Rules and the Listing Rules, as and when appropriate.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2023 WIND FARM MANAGEMENT AGREEMENT

Xinyi Electric Storage has been providing management services to Jinzhai Wind Farm since the third quarter of 2017. Under the 2023 Wind Farm Management Agreement, Xinyi Electric Storage will be entrusted with the entire operation of Jinzhai Wind Farm. The XES Directors anticipate that the management services to be provided under the 2023 Wind Farm Management Agreement will fully utilise the dedicated supporting teams employed by the Wind Farm Manager. The XES Directors believe that the experience in operating Jinzhai Wind Farm under the 2023 Wind Farm Management Agreement would enhance the business of the XES Group.

Having considered the above, the XES Directors (including the independent non-executive XES Directors) consider that the Annual Caps, the terms of the 2023 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 Xinyi Electric Storage and are fair and reasonable and in the interests of Xinyi Electric Storage and its shareholders as a whole.

The XYG Directors (including the independent non-executive XYG Directors) consider that the Annual Caps, the terms of the 2023 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 Xinyi Glass and are fair and reasonable and in the interests of Xinyi Glass and its shareholders as a whole.

GENERAL INFORMATION ON 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 since 2017.

Information on the Wind Farm Manager

The Wind Farm Manager is a wholly-owned subsidiary of Xinyi Electric Storage. The Wind Farm Manager is principally engaged in the wind power facilities development in the PRC. The Wind Farm Manager and the dedicated teams employed by it are experienced in managing wind power projects.

Information on Xinyi Glass

Xinyi Glass is an investment holding company. 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.

Information on Xinyi Electric Storage

Xinyi Electric Storage is an investment holding company. The XES Group is principally engaged in the production and sales of electric storage products and photovoltaic films products in the PRC. The XES Group is also providing engineering, procurement and construction services for solar energy projects in the PRC and other countries. In Hong Kong, the XES Group provides automobile glass repair and replacement services.

INTERNAL CONTROL MEASURES ADOPTED BY XINYI ELECTRIC STORAGE

The XES Group will continue to adopt the following internal control measures to monitor the transactions contemplated under the 2023 Wind Farm Management Agreement:

- (a) The senior management and relevant departments of the XES Group have reviewed and will continue to review and assess whether the terms set forth in the 2023 Wind Farm Management Agreement are on normal commercial terms or better.
- (b) Specifically assigned personnel from the relevant departments of the XES Group will monitor the actual transaction amounts on a regular basis to ensure that the Annual Caps would not be exceeded and due compliance with the respective pricing basis of the transactions.
- (c) The finance department of the XES Group will monitor the transaction amounts contemplated under the 2023 Wind Farm Management Agreement on a regular basis and will prepare a summary of the transaction amounts on a monthly basis.
- (d) The internal audit department of the XES Group will review and conduct checks on the transaction amounts contemplated under the 2023 Wind Farm Management Agreement, which constitute continuing connected transactions for Xinyi Electric Storage during the course of its annual review to ensure that the pricing basis and internal control procedures under the 2023 Wind Farm Management 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 2023 Wind Farm Management Agreement and report their findings and conclusions to the XES Board.

APPROVAL BY THE BOARDS OF DIRECTORS

Xinyi Electric Storage

As Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.*, a non-executive XES Director, is concurrently an executive XYG Director and has interests in the share capital of Xinyi Glass, Mr. NG Ngan Ho, an executive XES Director, is concurrently a non-executive XYG Director and has interests in the share capital of Xinyi Glass, and Mr. LEE Shing Kan, a non-executive XES Director, is concurrently an executive

XYG Director, each of them has abstained from voting on the resolutions for considering and approving the entering into of the 2023 Wind Farm Management Agreement, the transactions contemplated thereunder and the Annual Caps in the relevant XES Board meeting.

Having excluded the above persons who have material interests in the entering into of the 2023 Wind Farm Management Agreement, the transactions contemplated thereunder and the Annual Caps, the XES Directors (including the independent non-executive XES Directors) are of the opinion that:

- (a) the 2023 Wind Farm Management Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable;
- (b) the Annual Caps are fair and reasonable; and
- (c) the 2023 Wind Farm Management Agreement and the transactions contemplated thereunder are and will be conducted in the ordinary and usual course of business of the XES Group and in the interest of Xinyi Electric Storage and its shareholders as a whole.

Xinyi Glass

As each of the following XYG Directors, namely Dr. LEE Yin Yee, S.B.S., B.B.S., M.H., Datuk Wira TUNG Ching Bor, *D.C.S.M.*, Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.*, Mr. NG Ngan Ho, Mr. LI Ching Leung, Mr. LI Ching Wai and Mr. SZE Nang Sze, has interests in the share capital of Xinyi Electric Storage, each of them has abstained from voting on the resolutions for considering and approving the entering into of the 2023 Wind Farm Management Agreement, the transactions contemplated thereunder and the Annual Caps in the relevant XYG Board meeting.

IMPLICATIONS UNDER THE GEM LISTING RULES FOR XINYI ELECTRIC STORAGE

As of the date of this joint announcement, the Controlling Shareholders and their respective associates are connected persons of Xinyi Electric Storage at the issuer level. The Controlling Shareholders and their respective associates are also interested in an aggregate of 65.79% of the issued share capital of Xinyi Glass 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 Xinyi Electric Storage. The 2023 Wind Farm Management Agreement and the transactions contemplated thereunder constitute continuing connected transactions for Xinyi Electric Storage and Xinyi Glass.

As the Annual Caps represent more than 0.1% but less than 5.0% of the applicable percentage ratios under the GEM Listing Rules and are expected to exceed HK\$3.0 million, the 2023 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 XINYI GLASS

Based on the latest available financial information of Xinyi Glass as of and for the six months ended 30 June 2023 and the year ended 31 December 2022, the transaction amounts involved under the 2023 Wind Farm Management Agreement fall within the *de minimis* threshold for Xinyi Glass under Chapter 14A of the Listing Rules. This joint 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:

“2020 Wind Farm Management Agreement”	means the wind farm management agreement dated 6 November 2020 entered into between the Wind Farm Owner and the Wind Farm Manager for the purpose of rendering management services by the Wind Farm Manager for the operation of Jinzhai Wind Farm, which will expire on 31 October 2023;
“2023 Wind Farm Management Agreement”	means the wind farm management agreement dated 31 October 2023 entered into between the Wind Farm Owner and the Wind Farm Manager for the purpose of rendering management services by the Wind Farm Manager for the operation of Jinzhai Wind Farm;
“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 Xinyi Electric Storage;

“Annual Caps”	means the maximum transaction amount under the 2023 Wind Farm Management Agreement (including the expected amount of the Service Fee Adjustment, if applicable) for the two months ending 31 December 2023 and each of the two years ending 31 December 2025;
“associate(s)”	has the meaning ascribed to it under the Listing Rules and the GEM Listing Rules;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules and the GEM Listing Rules;
“Controlling Shareholder(s)”	means the controlling shareholders (as such term is defined under the GEM Listing Rules) of Xinyi Electric Storage, namely, Dr. LEE Yin Yee, S.B.S., B.B.S., M.H., Datuk Wira TUNG Ching Bor, D.C.S.M., Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, J.P., 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”	refers to The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited;
“GEM Listing Rules”	means The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited;
“Hong Kong”	means The Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong dollars” or “HK\$”	refers to Hong Kong dollars, the lawful currency of Hong Kong;
“Jinzhai Wind Farm”	refers to the wind farm located at Jinzhai County, the PRC with the power output of 64MW and owned by the Wind Farm Owner;
“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;

“MW”	refers to megawatt, a measurement unit of electricity;
“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 People’s Republic of China and Taiwan;
“Renminbi” or “RMB”	refers to Renminbi, the lawful currency of the PRC;
“Service Fee Adjustment”	means the Service Fee Adjustment to the amount of service fee payable by the Wind Farm Owner to the Wind Farm Manager or vice versa under the 2023 Wind Farm Management Agreement, further information on which is set forth in the paragraphs under “Service fee” in this joint announcement;
“Stock Exchange”	refers to The Stock Exchange of Hong Kong Limited;
“Wind Farm Manager”	means Anhui Xinyi New Material Technology Company Limited* (安徽信義新材料科技有限公司) (formerly known as 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 Xinyi Electric Storage;
“Wind Farm Owner”	means 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;
“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;

“Xinyi Energy Smart (Wuhu)”	means 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 Xinyi Glass;
“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, all 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, all the shares of which are listed on the Main Board (stock code: 00868);
“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; and
“%”	denoted 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, S.B.S., B.B.S., M.H.
Chairman

Hong Kong, 31 October 2023

** For identification purposes only*

Unless the context requires otherwise, the conversion of RMB into HK\$ is based on the exchange rate of HK\$1.00 = RMB0.9368 for reference only. No representation is made that any amount in RMB and HK\$ can be or could have been converted at the relevant dates at these rates or any other rates at all.

As of the date of this joint announcement, the XES Board comprises three executive directors, namely Mr. NG Ngan Ho, Ms. LI Pik Yung and Mr. WANG Mohan, 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 three independent non-executive 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 directors, namely Dr. LEE Yin Yee, S.B.S., B.B.S., M.H. (Chairman), Datuk Wira TUNG Ching Bor, D.C.S.M., Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, J.P. and Mr. LEE Shing Kan, four non-executive directors, namely Mr. LI Ching Wai, Mr. SZE Nang Sze, Mr. NG Ngan Ho and Mr. LI Ching Leung and four independent non-executive directors, namely Mr. LAM Kwong Siu, G.B.S., Mr. WONG Chat Chor Samuel, Dr. TRAN Chuen Wah, John and Dr. YANG Siu Shun, J.P.

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, on the “Latest Listed Company Information” page for at least 7 days from the date of posting, and on the websites of Xinyi Glass at www.xinyiglass.com and Xinyi Electric Storage at www.xinyies.com.