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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)



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)

CONTINUING CONNECTED TRANSACTION

PURCHASE OF VEHICLE GLASS

On 18 December 2018, Xinyi Automobile Glass (HK) and each of the Suppliers entered into the Glass Supply Agreement, pursuant to which the Suppliers will supply vehicle glass to the Xinyi HK Group for a further term of three years commencing 1 January 2019 and ending on 31 December 2021 (both days inclusive).

The Suppliers are each a wholly-owned subsidiary of Xinyi Glass. The Controlling Shareholders and their respective associates are interested in 58.2% of the share capital of Xinyi Glass. Accordingly, the Suppliers are connected persons of Xinyi HK and the transactions contemplated under the Glass Supply Agreement will constitute continuing connected transactions for Xinyi HK under Chapter 20 of the GEM Listing Rules.

As the highest applicable percentage ratio calculated with reference to the annual caps for the Glass Supply Agreement is more than 5% but less than 25% and the consideration is less than HK\$10,000,000, the continuing connected transactions under the Glass Supply Agreement for Xinyi HK are subject to the reporting, announcement and annual review requirements but are exempt from circular and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The transactions under the Glass Supply Agreement fall within the de minimis threshold set forth in Rule 14A.16 of the Main Board Listing Rules for Xinyi Glass and are exempted from the connected transaction requirements under the Main Board Listing Rules.

This announcement is made by Xinyi Glass and Xinyi HK on the Glass Supply Agreement. As the 2015 Glass Supply Agreement is due to expire on 31 December 2018, on 18 December 2018, Xinyi Automobile Glass (HK) and the Suppliers entered into the Glass Supply Agreement, pursuant to which the Suppliers will continue to supply vehicle glass to the Xinyi HK Group for a term of three years commencing 1 January 2019 and ending on 31 December 2021 (both days inclusive).

PURCHASE OF VEHICLE GLASS

The principal terms of the Glass Supply Agreement are set out below:

Date:	18 December 2018
Parties:	Xinyi Automobile Glass (HK), as the purchaser and Xinyi International and Xinyi Group (Glass), collectively as the Suppliers
Term:	The Glass Supply Agreement has a term of three years commencing 1 January 2019 and ending on 31 December 2021 (both days inclusive), provided that either the purchaser or the Suppliers may terminate the Glass Supply Agreement with or without cause by giving to the other party a three months' prior notice in writing at any time during the term of the Glass Supply Agreement.
Products to be provided by the Suppliers:	The Suppliers are to provide vehicle glass with such specifications from time to time requested by Xinyi Automobile Glass (HK) with the quality complying with the ECE (Economic Commission for Europe), DOT (US Department of Transport) and CCC (China Compulsory Certification) for use in Hong Kong.
Pricing and payment terms:	The prices of the vehicle glass products are <i>ex-factory</i> prices excluding delivery and logistics which shall be borne by Xinyi Automobile Glass (HK). The prices shall be agreed by Xinyi Automobile Glass (HK) and the Suppliers prior to each purchase on a case-by-case basis with reference to then market price of comparable vehicle glass and shall be no less favourable than the comparable prices offered to independent third parties by the Suppliers or offered by independent third parties to Xinyi Automobile Glass (HK) (as the case may be).

The purchase price of the vehicle glass products under the Glass Supply Agreement will be paid per order. Payment of consideration is to be made within thirty days of delivery of the vehicle glass products.

Annual caps and determination basis

During the two years ended 31 December 2017, the amounts paid by the Xinyi HK Group to the Suppliers in respect of the purchase of vehicle glass amounted to HK\$3.5 million and HK\$4.0 million, respectively. As set forth in the Prospectus, the annual caps for the same transactions under the 2015 Glass Supply Agreement for the three years ending 31 December 2018 are HK\$5.8 million, HK\$6.7 million and HK\$7.7 million, respectively. The actual amount of purchase of vehicle glass during the two years ended 31 December 2017 were less than the relevant annual caps, and the Directors expect that the actual amount of purchase for the year ending 31 December 2018 would be less than the annual cap for the year.

In light of the business development, the Directors expect that the annual caps of the purchase of under the Glass Supply Agreement for the three years ending 31 December 2021 would be HK\$7.2 million, HK\$7.7 million and HK\$8.2 million, respectively. These annual caps are determined with reference to the then prevailing market prices of vehicle glass products, the expected purchase volume from the Suppliers and the exchange rate between Hong Kong dollars and Renminbi during the term of the Glass Supply Agreement. There is no minimum purchase amount stipulated in the Glass Supply Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE GLASS SUPPLY AGREEMENT

The Xinyi HK Group has been sourcing vehicle glass from the Suppliers, which are members of the Xinyi Glass Group, for more than a decade prior to its separate listing on GEM since July 2016. The Xinyi Glass Group is a leading replacement vehicle glass manufacturer in terms of production volume in the PRC. Its products have been satisfying the specifications and quality requirements of the Xinyi HK Group.

The Directors (including the independent non-executive Directors) consider that it would be in the interests of the Xinyi HK Group to continue to source vehicle glass from the Suppliers following the expiry of the 2015 Glass Supply Agreement, and that the terms of the Glass Supply Agreement (including the annual caps) and the transactions contemplated thereunder are on normal commercial terms after arm's length negotiations and in the ordinary and usual course of business of the Xinyi HK Group, fair and reasonable and in the interests of Xinyi HK and its shareholders as a whole.

GENERAL INFORMATION ON THE PARTIES

Xinyi HK is an investment holding company incorporated in the Cayman Islands. Through its subsidiaries, including Xinyi Automobile Glass (HK) which is a wholly-owned subsidiary of Xinyi HK, and associated companies, the Xinyi HK Group is principally engaged in the provision of vehicle glass repairs and replacement services in Hong Kong, and the production and sale of energy storage products and battery pack systems, the trading of forklifts, as well as the provision of wind farm management services and investment and development in wind farm projects in the PRC. All issued shares of Xinyi Hong Kong are listed on GEM.

Xinyi International and Xinyi Group (Glass) are each an investment holding company and a member of the Xinyi Glass Group. Xinyi Glass Group is principally engaged in the production and sales of a wide range of glass products, including vehicle glass, architectural glass, float glass and other glass products for different commercial and industrial applications. All issued shares of Xinyi Glass are listed on the Main Board.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Glass Supply Agreement have been entered into (a) in the ordinary and usual course of the business of the Xinyi HK Group; (b) on normal commercial terms; and (c) on terms that are fair and reasonable and in the interest of Xinyi HK and its shareholders as a whole. Mr. TUNG Ching Sai and Mr. LEE Shing Kan, who are Controlling Shareholders or their associates, have abstained from voting on the resolution approving the Glass Supply Agreement.

IMPLICATIONS UNDER THE GEM LISTING RULES AND THE MAIN BOARD LISTING RULES

The Suppliers are each a wholly-owned subsidiary of Xinyi Glass. The Controlling Shareholders and their respective associates are interested in 58.2% of the share capital of Xinyi Glass. Accordingly, the Suppliers are connected persons of Xinyi HK and the transactions contemplated under the Glass Supply Agreement will constitute continuing connected transactions for Xinyi HK under Chapter 20 of the GEM Listing Rules.

As the highest applicable percentage ratio calculated with reference to the annual caps for the Glass Supply Agreement is more than 5% but less than 25% and the consideration is less than HK\$10,000,000, the continuing connected transactions under the Glass Supply Agreement are subject to the reporting, announcement and annual review requirements but are exempt from circular and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The transactions under the Glass Supply Agreement fall within the de minimis threshold set forth in Rule 14A.76 of the Main Board Listing Rules for Xinyi Glass and are exempted from the connected transaction requirements under the Main Board Listing Rules.

DEFINITIONS USED IN THIS ANNOUNCEMENT

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

“2015 Glass Supply Agreement”	means the agreement dated 14 December 2015 entered into between Xinyi Automobile Glass (HK) and the Suppliers in relation to the purchase of vehicle glass for a three-year term from 1 January 2016 to 31 December 2018;
“associate”	has the meaning ascribed to it under the GEM Listing Rules;
“Board”	means the board of Directors;
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules which in the context of Xinyi HK, include Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Mr. TUNG Ching Sai, 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;
“Director(s)”	means the director(s) of Xinyi HK;
“GEM”	means GEM operated by the Stock Exchange;
“GEM Listing Rules”	means The Rules Governing the Listing of Securities on GEM;
“Glass Supply Agreement”	means the glass supply agreement dated 18 December 2018 entered into between Xinyi Automobile Glass (HK) and the Suppliers in relation to the purchase of vehicle glass for a term of three years to be commenced from 1 January 2019 to 31 December 2021;

“Hong Kong”	means The Hong Kong Special Administrative Region of the People’s Republic of China;
“Main Board”	means the main board of the Stock Exchange which is independent from and operated in parallel with GEM;
“Main Board Listing Rules”	means The Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	means the People’s Republic of China which for the purpose of this joint announcement does not include Hong Kong, The Macau Administrative Region of the People’s Republic of China and Taiwan;
“Prospectus”	means the prospectus of Xinyi HK dated 28 June 2016;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Suppliers”	means Xinyi International and Xinyi Group (Glass);
“Xinyi Automobile Glass (HK)”	means Xinyi Automobile Glass Company Limited (信義汽車玻璃有限公司), a company incorporated in Hong Kong with limited liability on 10 December 1991 and a wholly-owned subsidiary of Xinyi HK;
“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 on 25 June 2004 with all of its shares listed on the Main Board (stock code: 00868);
“Xinyi Glass Group”	means Xinyi Glass and its subsidiaries;
“Xinyi Group (Glass)”	means Xinyi Group (Glass) Company Limited (信義集團(玻璃)有限公司), a company incorporated in Hong Kong with limited liability on 2 June 1989, a wholly-owned subsidiary of Xinyi Glass and one of the Suppliers;

“Xinyi HK”

means Xinyi Automobile Glass Hong Kong Enterprises Limited (信義汽車玻璃香港企業有限公司), a company incorporated on 18 November 2015 in the Cayman Islands with limited liability and listed on GEM (stock code: 08328);

“Xinyi HK Group”

means Xinyi HK and its subsidiaries;

“Xinyi International”

means Xinyi International Investments Limited (信義國際投資有限公司), a company incorporated in Hong Kong with limited liability on 20 April 2001, a wholly-owned subsidiary of Xinyi Glass and one of the Suppliers; and

“%”

means per cent.

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

By order of the board of directors of
Xinyi Automobile Glass Hong Kong
Enterprises Limited
CHAN Chi Leung
Executive Director and Company Secretary

Hong Kong, 18 December 2018

As of the date of this joint announcement, the board of directors of Xinyi Glass comprises four executive directors, namely Dr. LEE Yin Yee, B.B.S. (Chairman of the board of directors), Mr. TUNG Ching Bor, Mr. TUNG Ching Sai and Mr. LEE Shing Kan, four non-executive directors, namely Mr. LI Ching Wai, Mr. LI Ching Leung, Mr. SZE Nang Sze and Mr. NG Ngan Ho, and five independent non-executive directors, namely 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.

As of the date of this joint announcement, the executive directors are Ms. LI Pik Yung and Mr. CHAN Chi Leung, the non-executive directors of Xinyi HK are Mr. TUNG Ching Sai (Chairman) and Mr. LEE Shing Kan, and the independent non-executive directors of Xinyi HK are Mr. WANG Guisheng, Mr. NG Wai Hung and Mr. CHAN Hak Kan, B.B.S., JP.

This announcement, for which the directors of Xinyi HK 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 HK. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this 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 announcement misleading.

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

This joint announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk, Xinyi Glass at www.xinyiglass.com.hk and Xinyi HK at www.xyglass.com.hk.