

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this joint announcement.



Xinyi Solar Holdings Limited
信義光能控股有限公司

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

(Stock code: 00968)



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)

**CONNECTED TRANSACTION AND
DISCLOSEABLE TRANSACTION**

**CONNECTED
TRANSACTION**

**FORMATION OF XINYI SILICON
FOR THE POLYSILICON PRODUCTION PROJECT**

The XYS Board and the XYG Board are pleased to announce that the Joint Venture Agreement has been entered into, whereby Xinyi Solar and Xinyi Glass, through their respective wholly-owned subsidiaries, have agreed to establish Xinyi Silicon. The Joint Venture Agreement will govern the rights and obligations amongst the two shareholders of Xinyi Silicon and their respective amount of the maximum funding commitment to Xinyi Silicon. Xinyi Silicon is incorporated in the BVI and is the holding company of Xinyi Silicon (Hong Kong) which will be engaged in the Polysilicon Production Project through its own subsidiaries to be established in the PRC.

Information on Xinyi Silicon and maximum funding commitment by Xinyi Solar and Xinyi Glass

Xinyi Silicon is owned as to 52.0% by Xinyi Solar (Hong Kong) and 48.0% by Xinyi Glass (Hong Kong) and is a non-wholly owned subsidiary of Xinyi Solar. As Xinyi Silicon is newly incorporated, it does not have any significant amount of assets and liabilities. Pursuant to the Joint Venture Agreement, Xinyi Solar (Hong Kong) and Xinyi Glass (Hong Kong) have agreed to provide an aggregate maximum funding commitment of RMB3.3 billion (equivalent to approximately HK\$4.0 billion) on a *pro rata* basis by way of a combination of equity and debts in which, the amount of the maximum funding commitment of Xinyi Solar and Xinyi Glass will be RMB1.7 billion (equivalent to approximately HK\$2.1 billion) and RMB1.6 billion (equivalent to approximately HK\$1.9 billion), respectively. The amount of the maximum funding commitment is determined with reference to the estimated amount of investment under the Polysilicon Production Project and the expected amount of external financing available to Xinyi Silicon (Hong Kong) and its subsidiaries in the PRC for the same project.

Information on the Polysilicon Production Project

Xinyi Silicon (Hong Kong) will be engaged in the Polysilicon Production Project, under which Xinyi Silicon (Hong Kong), through its subsidiaries to be established in the PRC, would construct polysilicon production facilities in Qilin District, Qujing City, Yunnan Province, the PRC with an estimated annual production capacity of 60,000 tonnes (which may subsequently be increased to 200,000 tonnes in different phases at the option of Xinyi Silicon (Hong Kong)) together with up to 10,000 tonnes of white carbon black.

Implications under the Listing Rules

Xinyi Solar — Connected transaction and discloseable transaction

Xinyi Glass is a substantial shareholder (as such term is defined under the Listing Rules) of Xinyi Solar. Hence, Xinyi Glass is a connected person of Xinyi Solar and the Joint Venture Agreement constitutes a connected transaction for Xinyi Solar. As the relevant percentage ratios for Xinyi Solar in respect of its maximum funding commitment to be provided to Xinyi Silicon under the Joint Venture Agreement exceeds 0.1% but is lower than 5%, the formation of Xinyi Silicon and the entering into the Joint Venture Agreement are subject to the announcement and reporting but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The formation of Xinyi Silicon, being a non-wholly owned subsidiary of Xinyi Solar, also constitutes a discloseable transaction for Xinyi Solar as the relevant percentage ratios for Xinyi Solar exceed 5% but are less than 25%, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Xinyi Glass — Connected transaction

The Controlling Shareholders are the controlling shareholders (as such term is defined under the Listing Rules) of Xinyi Glass. The Controlling Shareholders and their respective family members (as defined under the Listing Rules) can control the composition of a majority of the YYS Board. Accordingly, Xinyi Solar and its subsidiaries are majority controlled companies (as defined under the Listing Rules) held by the Controlling Shareholders and their respective family members and are hence associates of the Controlling Shareholders and connected persons of Xinyi Glass. The Joint Venture Agreement constitutes a connected transaction for Xinyi Glass. As the relevant percentage ratios for Xinyi Glass in respect of its maximum funding commitment to be provided to Xinyi Silicon under the Joint Venture Agreement exceeds 0.1% but is lower than 5%, the formation of Xinyi Silicon and the entering into of the Joint Venture Agreement are subject to the announcement and reporting but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The XYS Board and the XYG Board are pleased to announce that the Joint Venture Agreement has been entered into, whereby Xinyi Solar and Xinyi Glass, through their respective wholly-owned subsidiaries, have agreed to establish Xinyi Silicon. The Joint Venture Agreement will govern the rights and obligations amongst the two shareholders of Xinyi Silicon and their respective amount of the maximum funding commitment to Xinyi Silicon. Xinyi Silicon is incorporated in the BVI and is the holding company of Xinyi Silicon (Hong Kong) which will be engaged in the Polysilicon Production Project through its own subsidiaries to be established in the PRC.

PRINCIPAL TERMS OF THE JOINT VENTURE AGREEMENT

The table below sets forth the principal terms of the Joint Venture Agreement:

Date:	16 December 2021
Parties:	(a) Xinyi Solar (Hong Kong); (b) Xinyi Glass (Hong Kong); and (c) Xinyi Silicon.
Shareholding structure:	Xinyi Silicon is currently owned as to 52.0% by Xinyi Solar (Hong Kong) and 48.0% by Xinyi Glass (Hong Kong) with 200 shares in issue. The issued share capital of Xinyi Silicon is US\$200.0. The shareholding percentages of Xinyi Solar (Hong Kong) and Xinyi Glass (Hong Kong) in Xinyi Silicon will remain unchanged following injection of an aggregate maximum funding commitment of RMB3.3 billion (equivalent to approximately HK\$4.0 billion) on a <i>pro rata</i> basis by way of a combination of equity and debts. Xinyi Silicon is the holding company of Xinyi Silicon (Hong Kong) which is one of the parties to the Polysilicon Production Investment Agreement. Xinyi Silicon (Hong Kong) would establish wholly-owned subsidiaries in the PRC for the purpose of the Polysilicon Production Project.

Scope of business: Xinyi Silicon is and will continue to be an investment holding company. The subsidiaries of Xinyi Silicon, i.e. Xinyi Silicon (Hong Kong) and the subsidiaries to be established by it in the PRC, will be carrying on polysilicon production business through the investments under the Polysilicon Production Project.

Maximum funding commitment to Xinyi Silicon and the source of financing: Xinyi Silicon currently has 200 shares in issue, of which 104 shares have been allotted to Xinyi Solar (Hong Kong) and 96 shares have been allotted to Xinyi Glass (Hong Kong) for an aggregation consideration of US\$200.0.

Pursuant to the Joint Venture Agreement, Xinyi Solar (Hong Kong) and Xinyi Glass (Hong Kong) have agreed to provide an aggregate maximum funding commitment of RMB3.3 billion (equivalent to approximately HK\$4.0 billion) on a *pro rata* basis by way of a combination of equity and debts in which, the amount of the maximum funding commitment of Xinyi Solar and Xinyi Glass will be RMB1.7 billion (equivalent to approximately HK\$2.1 billion) and RMB1.6 billion (equivalent to approximately HK\$1.9 billion), respectively. The amount of the maximum funding commitment is determined with reference to the estimated amount of investment under the Polysilicon Production Project and the expected amount of external financing available to Xinyi Silicon (Hong Kong) and its subsidiaries in the PRC for the same project.

The XYS Directors and the XYG Directors confirm that the amount of the maximum funding commitment to be provided by Xinyi Solar (Hong Kong) and Xinyi Glass (Hong Kong) to Xinyi Silicon will be financed by the internal financial resources of Xinyi Solar and Xinyi Glass, respectively.

Composition of the boards
of directors:

The boards of directors of Xinyi Silicon consists of five directors, of which Xinyi Solar (Hong Kong) will be entitled to nominate three directors and Xinyi Glass (Hong Kong) will be entitled to nominate two directors. The quorum for the transaction of business at any meetings of such boards of directors will be one director nominated by each of Xinyi Solar (Hong Kong) and Xinyi Glass (Hong Kong).

INFORMATION ON THE POLYSILICON PRODUCTION PROJECT

Information on the Polysilicon Production Project is set forth in the Polysilicon Production Investment Agreement, and the table below sets forth the principal components of the Polysilicon Production Project.

Particulars of the
Polysilicon Production
Project:

Xinyi Silicon (Hong Kong) has agreed to construct polysilicon production facilities in Qilin District, Qujing City, Yunnan Province, the PRC with an estimated annual production capacity of 60,000 tonnes (which may subsequently be increased to 200,000 tonnes in different phases at the option of Xinyi Silicon (Hong Kong)) together with up to 10,000 tonnes of white carbon black under the Polysilicon Production Investment Agreement.

Qujing Municipal Government has agreed to provide policy and administrative supports to Xinyi Silicon (Hong Kong) in relation to (a) the acquisition of the land use rights for the land parcel for the construction of the polysilicon production facilities; (b) the construction of the polysilicon production facilities, including the preparation of the land foundation works and completion of connection of networks of utilities, telecommunications and road transportation with the site area; and (c) the grant of the required construction and production approvals.

Total investment amount
and determination basis:

The estimated total amount of investment by Xinyi Silicon (HK) in the Polysilicon Production Project would be up to RMB6.0 billion (equivalent to approximately HK\$7.3 billion). The shortfall between this total amount of investment and the aggregate amount of the maximum funding commitment of Xinyi Solar (Hong Kong) and Xinyi Glass (Hong Kong) of RMB3.3 billion (equivalent to approximately HK\$4.0 billion), i.e. RMB2.7 billion (equivalent to approximately HK\$3.3 billion), is expected to be financed by the expected external financing available to Xinyi Silicon (Hong Kong) and its subsidiaries to be established in the PRC for the Polysilicon Production Project.

The total amount of the investments under the Polysilicon Production Project has been determined with reference to (a) the estimated amount of the construction cost and (b) the estimated amount of the acquisition cost of the land use rights for the relevant land parcel and the required production facilities and control systems in the PRC.

Construction schedule:

Construction of the Polysilicon Production Project will commence within 60 days after the grant of the relevant land use rights to the subsidiaries of Xinyi Silicon (Hong Kong) to be established in the PRC and the issuance of the relevant construction and production approvals by the relevant competent government authorities in the PRC. The construction is expected to be completed within two years.

REASONS FOR AND BENEFITS OF THE JOINT VENTURE AGREEMENT AND THE ENGAGEMENT OF THE POLYSILICON PRODUCTION PROJECT

In light of the recent decarbonisation efforts and the PRC government's energy policy striving to achieve the goal of "carbon neutrality" by 2060, the XYS Directors and the XYG Directors believe that clean and renewable energy will be the predominant source of energy in the future and anticipate that the global and the PRC domestic demand for clean and renewable energy will continue to grow.

Solar energy is amongst the most efficient, reliable and safe source of renewable energy with lower installation costs as compared to hydroelectric, nuclear and wind power. The XYS Directors believe that an increasing number of solar farms will be constructed in the PRC in the coming future to echo the national goal of "carbon neutrality" by 2060. Polysilicon is the key feedstock in the photovoltaic industry and is widely used for the production of conventional solar cells. The PRC demand for polysilicon would increase. The sales of solar glass products by Xinyi Solar will also create synergy with the sales of polysilicon by Xinyi Silicon, as both types of products are targeting a similar group of customers.

With the strong operational and managerial experience of Xinyi Solar and Xinyi Glass accumulated from the nation-wide manufacturing capability, the XYS Directors and XYG Directors believe that the formation of Xinyi Silicon and the engagement of the Polysilicon Production Project would allow Xinyi Solar and Xinyi Glass to capture the emerging business opportunities with the combination of the financial strength and the manufacturing expertise.

Opinion of the XYS Board

As Dr. LEE Yin Yee, *B.B.S.*, the chairman of the XYS Board and an executive XYS Director, is the chairman of the XYG Board and an executive XYG Director and has interests in the XYG Shares in issue, Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.*, the vice-chairman of the XYS Board and a non-executive XYS Director, is an executive XYG Director and has interests in the XYG Shares in issue, and Mr. LI Man Yin, an executive XYS Director, has interests in the XYG Shares in issue, each of them has abstained from voting on the resolutions on the Joint Venture Agreement at the relevant XYS Board meeting.

Excluding the XYS Directors who have abstained from voting, the XYS Directors (including the independent non-executive XYS Directors) consider that it will be in the interests of Xinyi Solar and its shareholders as a whole to invest in the polysilicon production business by the formation of Xinyi Silicon and the entering into of the Joint Venture Agreement. The XYS Directors (including the independent non-executive XYS Directors) further consider that the terms of the Joint Venture Agreement (including the amount of the maximum funding commitment) are fair and reasonable and it would be in the interests of Xinyi Solar and its shareholders as a whole to enter into the Joint Venture Agreement.

Opinion of the XYG Board

As Dr. LEE Yin Yee, *B.B.S.*, the chairman of the XYG Board and an executive XYG Director, is the chairman of the XYS Board and an executive XYS Director and has interests in the XYS Shares in issue, Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.*, an executive XYG Director, is the vice-chairman of the XYS Board and a non-executive XYS Director and has interests in the XYS Shares in issue, and each of Mr. LI Ching Wai, Mr. LI Ching Leung, Mr. SZE Nang Sze and Mr. NG Ngan Ho, a non-executive XYG Director, has interests in the XYS Shares in issue, each of them has abstained from voting on the resolutions on the Joint Venture Agreement at the relevant XYG Board meeting.

Excluding the XYG Directors who have abstained from voting, the XYG Directors (including the independent non-executive XYG Directors) consider that it will be in the interests of Xinyi Glass and its shareholders as a whole to invest in the polysilicon production business by the formation of Xinyi Silicon and the entering into of the Joint Venture Agreement. The XYG Directors (including the independent non-executive XYG Directors) further consider that the terms of the Joint Venture Agreement (including the amount of the maximum funding commitment) are fair and reasonable and it would be in the interests of Xinyi Glass and its shareholders as a whole to enter into the Joint Venture Agreement.

GENERAL INFORMATION OF THE PARTIES

Xinyi Solar is an investment holding company and a company listed on the Stock Exchange (stock code: 00968). The XYS Group is principally engaged in the production and sales of solar glass products, which are carried out internationally, through its production facilities in the PRC and Malaysia. In addition, the XYS Group is also engaged in the development and operation of solar farms in the PRC. Xinyi Solar (Hong Kong) is a wholly-owned subsidiary of Xinyi Solar and principally engaged in investment holding and the trading of solar glass products.

Xinyi Glass is an investment holding company and a company listed on the Stock Exchange (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 (Hong Kong) is a wholly-owned subsidiary of Xinyi Glass and an investment holding and trading company in Hong Kong.

Xinyi Silicon is owned as to 52.0% by Xinyi Solar (Hong Kong) and 48.0% by Xinyi Glass (Hong Kong) and is an investment holding company. Xinyi Silicon (HK) is a wholly-owned subsidiary of Xinyi Silicon and has been established for the Polysilicon Production Project.

IMPLICATIONS UNDER THE LISTING RULES

Xinyi Solar — Connected transaction and discloseable transaction

Xinyi Glass is a substantial shareholder (as such term is defined under the Listing Rules) of Xinyi Solar. Hence, Xinyi Glass is a connected person of Xinyi Solar and the Joint Venture Agreement constitutes a connected transaction for Xinyi Solar. As the relevant percentage ratios for Xinyi Solar in respect of its maximum funding commitment to be provided to Xinyi Silicon under the Joint Venture Agreement exceeds 0.1% but is lower than 5%, the formation of Xinyi Silicon and the entering into of the Joint Venture Agreement are subject to the announcement and reporting but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The formation of Xinyi Silicon, being a non-wholly owned subsidiary of Xinyi Solar, also constitutes a discloseable transaction for Xinyi Solar as the relevant percentage ratios for Xinyi Solar exceed 5% but are less than 25%, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Xinyi Glass — Connected transaction

The Controlling Shareholders are the controlling shareholders (as such term is defined under the Listing Rules) of Xinyi Glass. The Controlling Shareholders and their respective family members (as defined under the Listing Rules) can control the composition of a majority of the XYS Board. Accordingly, Xinyi Solar and its subsidiaries are majority controlled companies (as defined under the Listing Rules) held by the Controlling Shareholders and their respective family members and are hence associates of the Controlling Shareholders and connected persons of Xinyi Glass. The Joint Venture Agreement constitutes a connected transaction for Xinyi Glass. As the relevant percentage ratios for Xinyi Glass in respect of its maximum funding commitment to be provided to Xinyi Silicon under the Joint Venture

Agreement exceeds 0.1% but is lower than 5%, the formation of Xinyi Silicon and the entering into of the Joint Venture Agreement are subject to the announcement and reporting but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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(s)”	has the meaning ascribed thereto under the Listing Rules;
“BVI”	means the British Virgin Islands;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Controlling Shareholders”	means Dr. LEE Yin Yee, <i>B.B.S.</i> , 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;
“Hong Kong”	means The Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Joint Venture Agreement”	means the joint venture agreement dated 16 December 2021 and entered into between Xinyi Solar (Hong Kong) and Xinyi Glass (Hong Kong) in relation to Xinyi Silicon for the purposes of governing their rights and obligations amongst themselves as shareholders of Xinyi Silicon and the amount of the maximum funding commitment to Xinyi Silicon for the Polysilicon Production Project;
“Listing Rules”	means The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“Polysilicon Production Investment Agreement”	means the investment agreement dated 13 December 2021, as supplemented by a supplemental investment agreement dated 16 December 2021, entered into between Xinyi Silicon (HK) and Qujing Municipal Government;
“Polysilicon Production Project”	means the polysilicon production project to be constructed by Xinyi Silicon (Hong Kong) in Qilin District, Qujing City, Yunnan Province, PRC with an estimated annual production capacity of 60,000 tonnes (which may subsequently be increased to 200,000 tonnes in different phases at the option of Xinyi Silicon (Hong Kong)) together with up to 10,000 tonnes of white carbon black under the Polysilicon Production Investment Agreement;
“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;
“Qujing Municipal Government”	曲靖市麒麟區人民政府 (Qujing Municipal People’s Government*);
“RMB”	means Renminbi yuan, the lawful currency of the PRC;
“sq.m.”	refers to square metres;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules;
“US\$”	means United States dollars, the lawful currency of the United States of America;
“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 Stock Exchange (stock code: 00868);

“Xinyi Glass (Hong Kong)”	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 and a wholly-owned subsidiary of Xinyi Glass;
“Xinyi Silicon”	means Xinyi Silicon Holdings Limited (信義晶硅控股有限公司), a company incorporated in the BVI with limited liability and is owned as to 52.0% by Xinyi Solar and 48.0% by Xinyi Glass;
“Xinyi Silicon (Hong Kong)”	means Xinyi Silicon (Hong Kong) Limited (信義晶硅(香港)有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Xinyi Silicon;
“Xinyi Solar”	means Xinyi Solar Holdings Limited (信義光能控股有限公司), a company incorporated in the Cayman Islands with limited liability, all the shares of which are listed on the Stock Exchange (stock code: 00968);
“Xinyi Solar (Hong Kong)”	means Xinyi Solar (Hong Kong) Limited (信義光能(香港)有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Xinyi Solar;
“XYG Board”	means the board of directors of Xinyi Glass;
“XYG Director(s)”	means the director(s) of Xinyi Glass;
“XYS Board”	means the board of directors of Xinyi Solar;
“XYS Director(s)”	means the director(s) of Xinyi Solar; and
“%”	means per cent.

By order of the board of directors of
Xinyi Solar Holdings Limited
LEE Yau Ching
Executive Director and Chief Executive Officer

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

Hong Kong, 16 December 2021

* *For identification only.*

The translation of RMB into HK\$ in this joint announcement is based on the rate of RMB0.8183 = HK\$1.0. 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 XYS Board comprises four executive XYS Directors, namely Dr. LEE Yin Yee, B.B.S. (Chairman), Mr. LEE Yau Ching (Chief Executive Officer), Mr. LI Man Yin, and Mr. CHEN Xi, two non-executive XYS Directors, namely Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, J.P. and Mr. LEE Shing Put, B.B.S., and three independent non-executive XYS Directors, namely Mr. CHENG Kwok Kin, Paul, Mr. LO Wan Sing, Vincent and Mr. KAN E-ting, Martin.

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. (Chief Executive Officer) 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 will be published on the websites of the Stock Exchange at www.hkexnews.hk, Xinyi Solar at www.xinyisolar.com and Xinyi Glass at www.xinyiglass.com.