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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)

JOINT ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS MARINE TRANSPORTATION AGREEMENT

On 17 December 2024 (after trading hours), Xinyi Solar and Xinyi Shipping entered into the Marine Transportation Agreement, pursuant to which Xinyi Shipping will provide marine transportation services to the XYS Group for the period commencing on 17 December 2024 and ending on 31 December 2026 (both days inclusive).

Implications under the Listing Rules

Xinyi Solar

Xinyi Glass is a substantial shareholder of Xinyi Solar. Hence, Xinyi Glass is a connected person of Xinyi Solar and the transactions contemplated under the Marine Transportation Agreement constitute continuing connected transactions for Xinyi Solar.

Given that the highest applicable percentage ratio (other than the profits ratio) calculated with reference to the annual caps of the transactions under the Marine Transportation Agreement is more than 0.1% but less than 5%, the continuing connected transactions contemplated under the Marine Transportation Agreement are subject to the reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Xinyi Glass

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 hence are associates of the Controlling Shareholders and connected persons of Xinyi Glass. The transactions contemplated under the Marine Transportation Agreement constitute continuing connected transactions for Xinyi Glass.

Given that the highest applicable percentage ratio (other than the profits ratio) calculated with reference to the annual caps of the transactions under the Marine Transportation Agreement is more than 0.1% but less than 5%, the continuing connected transactions contemplated under the Marine Transportation Agreement are subject to the reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 17 December 2024 (after trading hours), Xinyi Solar and Xinyi Shipping entered into the Marine Transportation Agreement, pursuant to which Xinyi Shipping will provide marine transportation services to the YYS Group for the period commencing on 17 December 2024 and ending on 31 December 2026 (both days inclusive).

MARINE TRANSPORTATION AGREEMENT

Principal terms

The following sets forth the principal terms of the Marine Transportation Agreement:

- Date:** 17 December 2024 (after trading hours).
- Parties:** Xinyi Solar (for itself and on behalf of other members of the YYS Group) as the cargo owner (shipper or consignee) and Xinyi Shipping as the carrier.
- Term:** Commencing on 17 December 2024 and ending on 31 December 2026 (both days inclusive).

Subject matter: Xinyi Shipping will provide the XYS Group with marine transportation services, on a non-exclusive basis, for the shipping of the Raw Materials and Utensils from the XYS Group's suppliers and between the XYS Group's production facilities and the Products to the XYS Group's target markets.

Pricing and payment terms: The relevant service fees charged by Xinyi Shipping for the marine transportation services will be determined at arm's length negotiations based on the then prevailing market prices upon normal commercial terms prior to each delivery with reference to the number of containers required per shipment and the port of loading and discharge and the delivery timeline.

The service fees will be settled by Xinyi Solar by way of bank transfer on a monthly basis within thirty (30) days at the end of each month.

Other terms and conditions: Xinyi Solar has made representations and warranties which are customary for cargo owners (shippers or consignees) in contracts for marine transportation services, such as compliance with the applicable rules and regulations and possession of necessary permits and licenses for the goods transported.

Xinyi Shipping has made representations and warranties which are customary for carriers in contracts for marine transportation services, such as compliance with the applicable rules and regulations, possession of necessary permits, licenses and approvals, insurance, and indemnities against loss or damage to the goods transported or third-party claims, and infringement of applicable regulatory controls and/or terms and conditions of the applicable permits, licenses and approvals.

Termination: Either party shall have the right to immediately terminate the Marine Transportation Agreement upon the other party's breach of the terms and conditions of the Marine Transportation Agreement or without cause by giving to the other party three months' prior notice in writing provided that there is no ongoing shipment and delivery.

Dispute resolution: Any dispute shall be submitted to the Hong Kong International Arbitration Centre before initiating any proceedings before the courts of Hong Kong.

Governing law: Laws of Hong Kong.

Historical transaction amount

The XYS Group has started sourcing the marine transportation services from Xinyi Shipping since June 2024. During the period from 1 June 2024 to 30 November 2024, the transaction amount was approximately US\$3.0 million (equivalent to HK\$23.4 million).

Annual cap for the Marine Transportation Agreement and bases for determination thereof

The XYS Directors and the XYG Directors expect that the maximum number of containers that may be required to be shipped by the XYS Group under the Marine Transportation Agreement would not exceed 5,600 containers for the year ending 31 December 2024 and 18,000 containers for each of the two years ending 31 December 2026. Based on such anticipated shipment volume and the historical transaction amount up to 30 November 2024, the annual transaction amount under the Marine Transportation Agreement, which is also the annual cap, for each of the three years ending 31 December 2026 is estimated to be US\$3.9 million (equivalent to HK\$30.4 million); US\$21.6 million (equivalent to HK\$168.5 million); and US\$21.6 million (equivalent to HK\$168.5 million), respectively. In addition, these amounts are also determined with reference to:

- (a) the expected increase in the overall demand of the XYS Group for shipment of the Raw Materials and Utensils from the XYS Group's suppliers and between the XYS Group's production facilities and the Products to the XYS Group's target markets during the two years ending 31 December 2026 and
- (b) the price quotations obtained by the XYS Group from independent third-party service providers for the same marine transportation services in the open market.

There is no minimum transaction amount stipulated in the Marine Transportation Agreement. If the annual transaction amount under the Marine Transportation Agreement is expected to exceed the annual cap or there is any change to the material terms of the Marine Transportation Agreement, Xinyi Solar and Xinyi Glass will comply with the applicable requirements under the Listing Rules, as and when appropriate.

The relevant service fees charged by Xinyi Shipping for the marine transportation services throughout the term of the Marine Transportation Agreement are to be determined at arm's length negotiations based on the then prevailing market prices upon normal commercial terms prior to each delivery with reference to the number of container required per shipment, the port of loading and discharge and the time required for each journey. During the price negotiation process, at least two price quotations would be obtained from independent third-party service providers for comparison. In any event, the service fees to be settled by the XYS Group are expected to be at more or less the same level as the service fees charged by Xinyi Shipping to independent third-party customers.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MARINE TRANSPORTATION AGREEMENT

Xinyi Shipping is principally engaged in the business operation of container carriers primarily for the transportation of raw materials, consumables, finished glass products and equipment between different production facilities or target markets of the XYG Group. The demand for such services is not steady, and these vessels may or may not be fully utilised during the course of the year. By entering into the Marine Transportation Agreement, the XYS Group is able to secure more cargo space and select the most cost-efficient way of shipment of the Raw Materials and Utensils from its suppliers and between its production facilities and the Products to its target markets. Xinyi Shipping can also increase the utilisation rates of the vessels and hence, the revenue generated from its own fleet.

The XYS Directors and the XYG Directors are of the view that the Marine Transportation Agreement 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 XYS Group and XYG Group; and (c) on terms that are fair and reasonable and in the interest of Xinyi Solar and Xinyi Glass and their respective shareholders as a whole.

INTERNAL CONTROL MEASURES ADOPTED BY THE XYS GROUP AND THE XYG GROUP

For the purpose of monitoring the transactions contemplated under the Marine Transportation Agreement, the XYS Group and the XYG Group will adopt the following internal control measures:

- (a) The senior management and the relevant departments of the XYS Group and the XYG Group will review and assess on a regular basis whether the terms of specific shipment orders are consistent with the terms of the Marine Transportation Agreement, comparable to those offered to or by independent third parties and adhere to the respective pricing basis of the transactions by implementing the following checking procedures:
 - (i) collate updated information in respect of the prevailing market prices, being the price charged by independent third-party service providers providing similar types of marine transportation services in their ordinary course of business in the same or nearby service area, from time to time to ensure that the service fees are comparable to those offered to or by independent third parties. Information on the market prices will be obtained through, among other things, quotations from independent third parties (if any), recent transactions of the XYS Group and the XYG Group with independent third parties and pricing information obtained from industry researches and online resources; and
 - (ii) perform checking to ensure any markup or discount is properly determined with reference to the specific shipment order requirements such as the number of containers required per shipment and the relevant pick-up and delivery location.
- (b) Designated personnel from the relevant departments of the XYS Group and the XYG Group will monitor the actual transaction amounts on a regular basis to ensure that the actual transaction amounts would not exceed the respective annual caps and would be in due compliance with the respective pricing basis of the transactions.
- (c) The finance department of the XYS Group and the XYG Group will monitor the transaction amounts contemplated under the Marine Transportation 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 XYS Group and the XYG Group will review and conduct sample checks on the transaction amounts under the Marine Transportation Agreement during the course of its annual review to ensure that the pricing basis and internal control procedures under the Marine Transportation Agreement are complied with.
- (e) The independent non-executive XYS Directors and the independent non-executive XYG Directors will review the continuing connected transactions on an annual basis and report their opinion to the XYS Board and the XYG Board, respectively.
- (f) The auditors of Xinyi Solar and Xinyi Glass will conduct annual review on the transactions contemplated under the Marine Transportation Agreement and report their findings and conclusions to the XYS Board and the XYG Board, respectively.

GENERAL INFORMATION ON THE PARTIES

Xinyi Solar is an investment holding company and a company listed on the Stock Exchange. 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 projects.

Xinyi Shipping is a wholly-owned subsidiary of Xinyi Glass and is principally engaged in providing marine transportation and other shipping services. Xinyi Glass is an investment holding company and a company listed on the Stock Exchange. 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.

APPROVAL BY THE BOARDS OF DIRECTORS

Xinyi Solar

As Dr. LEE Yin Yee, S.B.S., the chairman of the XYS Board and a non-executive XYS Director, is concurrently 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 concurrently 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 Marine Transportation Agreement in the relevant XYS Board meeting.

Excluding the XYS Directors who have abstained from voting, the XYS Directors (including all independent non-executive XYS Directors) are of the opinion that the transactions contemplated under the Marine Transportation Agreement have been entered into (a) on normal commercial terms after an arm's length negotiations; (b) in the ordinary and usual course of the business of the XYS Group; and (c) on terms that are fair and reasonable and in the interest of Xinyi Solar and its shareholders as a whole.

Xinyi Glass

As Dr. LEE Yin Yee, S.B.S., the chairman of the XYG Board and an executive XYG Director, is concurrently the chairman of the XYS Board and a non-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 concurrently 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 Marine Transportation Agreement in the relevant XYG Board meeting.

Excluding the XYG Directors who have abstained from voting, the XYG Directors (including all independent non-executive XYG Directors) are of the opinion that the transactions contemplated under the Marine Transportation Agreement have been entered into (a) on normal commercial terms after an arm's length negotiations; (b) in the ordinary and usual course of the business of the XYG Group; and (c) on terms that are fair and reasonable and in the interest of Xinyi Glass and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Xinyi Solar

Xinyi Glass is a substantial shareholder of Xinyi Solar. Hence, Xinyi Glass is a connected person of Xinyi Solar and the transactions contemplated under the Marine Transportation Agreement constitute continuing connected transactions for Xinyi Solar.

Given that the highest applicable percentage ratio (other than the profits ratio) calculated with reference to the annual caps of the transactions under the Marine Transportation Agreement is more than 0.1% but less than 5%, the continuing connected transactions contemplated under the Marine Transportation Agreement are subject to the reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Xinyi Glass

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 transactions contemplated under the Marine Transportation Agreement constitute continuing connected transactions for Xinyi Glass.

Given that the highest applicable percentage ratio (other than the profits ratio) calculated with reference to the annual caps of the transactions under the Marine Transportation Agreement is more than 0.1% but less than 5%, the continuing connected transactions contemplated under the Marine Transportation Agreement are subject to the reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and 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 to it under the Listing Rules;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Controlling Shareholders”	refers to Dr. LEE Yin Yee, S.B.S., Datuk Wira TUNG Ching Bor <i>D.C.S.M.</i> , 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;

“Listing Rules”	means The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Marine Transportation Agreement”	means the marine transportation agreement dated 17 December 2024 entered into between Xinyi Solar and Xinyi Shipping in relation to the provision of marine transportation services by Xinyi Shipping to the XYS Group;
“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;
“Products”	means the solar glass and glass related products produced by the XYS Group;
“Raw Materials and Utensils”	means the raw materials, consumables and equipment utilized for the purposes of the production of the solar glass and glass related products by the XYS Group;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“US\$” or “USD”	means United States dollars, the lawful currency of the United States;
“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 Shipping”	means Hong Kong Xinyi Shipping Company Limited (香港信義海運有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Xinyi Glass;
“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);

“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;
“XYS Board”	means the board of directors of Xinyi Solar;
“XYS Director(s)”	means the director(s) of Xinyi Solar;
“XYS Group”	means Xinyi Solar and its subsidiaries;
“XYS Shares”	means the issued shares of Xinyi Solar; and
“%”	denoted per cent.

By order of the board of directors of
Xinyi Solar Holdings Limited
LEE Shing Put, B.B.S.
Vice Chairman and Chief Executive Officer

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

Hong Kong, 17 December 2024

Unless the context requires otherwise and for the historical transaction amount (which use the respective actual historical transaction rates), the translation of US\$ into HK\$ in this joint announcement is based on the rate of US\$1 = HK\$7.8. No representation is made that any amount in US\$ 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 YYS Board comprises four executive directors, namely Mr. LEE Shing Put, B.B.S. (Vice Chairman and Chief Executive Officer), Mr. LEE Yau Ching, Mr. LI Man Yin and Mr. CHU Charn Fai, two non-executive directors, namely Dr. LEE Yin Yee S.B.S. (Chairman) and Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, J.P. (Vice Chairman), and three independent non-executive directors, namely Mr. LO Wan Sing, Vincent, Mr. KAN E-ting, Martin and Ms. LEONG Chong Peng.

As of the date of this joint announcement, the XYG Board comprises four executive directors, namely Dr. LEE Yin Yee, S.B.S. (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 M.H., four non-executive directors, namely Mr. LI Ching Wai, Mr. LI Ching Leung, Mr. SZE Nang Sze and Mr. NG Ngan Ho, 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 The Hon. Starry LEE Wai-king, G.B.S., J.P..

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.