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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

SILICA SAND SUPPLY FRAMEWORK AGREEMENT

Silica Sand Supply Framework Agreement

The XYS Board and the XYG Board jointly announce that the Silica Sand Supply Framework Agreement was entered into on 26 May 2021, pursuant to which Hepu Xinyi has agreed to sell to members of the Xinyi Glass Group certain amount of silica sand, which will be used by members of the Xinyi Glass Group for the production of float glass.

Implications under the Listing Rules

As of the date of this joint announcement, the XYG Controlling Shareholders and their respective associates are interested in 25.96% of the share capital of Xinyi Solar. Xinyi Glass is interested in 22.85% of the share capital of Xinyi Solar. Xinyi Solar is not a subsidiary of Xinyi Glass but a connected person of Xinyi Glass. The XYG Controlling Shareholders and their respective associates are interested in 60.00% of the share capital of Xinyi Glass. Since Xinyi Glass is a substantial shareholder of Xinyi Solar, Xinyi Glass and its subsidiaries are connected persons of Xinyi Solar.

As the highest applicable percentage ratio of the continuing connected transactions under the Silica Sand Supply Framework Agreement is greater than 0.1% but less than 5.0%, the Silica Sand Supply Framework Agreement and the transactions contemplated thereunder will be subject to the reporting, announcement and annual review requirements but will be exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The XYS Board and the XYG Board jointly announce that the Silica Sand Supply Framework Agreement was entered into on 26 May 2021, pursuant to which Hepu Xinyi has agreed to sell to members of the Xinyi Glass Group certain amount of silica sand, which will be used by members of the Xinyi Glass Group for the production of float glass.

SILICA SAND SUPPLY FRAMEWORK AGREEMENT

The purpose of entering into of the Silica Sand Supply Framework Agreement is to provide a mutually agreed contractual framework for the sale and purchase transactions of silica sand.

The following sets forth the principal terms of the Silica Sand Supply Framework Agreement:

Date:	26 May 2021
Term:	From 26 May 2021 to 31 December 2021.
Parties:	Hepu Xinyi as the supplier; and Xinyi Glass (Hong Kong) (for itself and on behalf of other members of the Xinyi Glass Group) as the purchaser.
Subject matter:	The Xinyi Glass Group will purchase from Hepu Xinyi silica sand of approximately 510,000 tonnes at aggregate estimated purchase amount of not more than RMB66.2 million (equivalent to approximately HK\$79.5 million), which will be used by members of the Xinyi Glass Group for the production of float glass.
Estimated transaction price and payment terms:	The sale and purchase of silica sand will be charged at prevailing market prices. The transaction prices will be payable by way of bank transfers.

Cap amount and determination basis

The Cap Amount under the Silica Sand Supply Framework Agreement for the year ending 31 December 2021 will be RMB66.2 million (equivalent to approximately HK\$79.5 million). The actual transaction prices of silica sand will be determined on an arm's length basis upon normal commercial terms based on the prevailing net ex-factory market price of silica sand of the same quality from time to time. In the

price setting process, at least two price quotations would be obtained from independent suppliers of silica sand for comparison. In any event, the purchase prices to be paid by the Xinyi Glass Group shall not be higher than the prices of silica sand of the same quality charged by independent third party suppliers.

In considering the reasonableness of Cap Amount under the Silica Sand Supply Framework Agreement, the Xinyi Solar Directors and the Xinyi Glass Directors have taken into consideration (a) the expected purchase volume of silica sand as may be required by the Xinyi Glass Group under the Silica Sand Supply Framework Agreement; (b) the mining and processing costs incurred and/or to be incurred by Hepu Xinyi in producing the silica sand; (c) the historical sale prices of silica sand of the same quality produced by Hepu Xinyi; and (d) the prevailing price of silica sand of the same quality in the open market. The transaction prices under the Silica Sand Supply Framework Agreement will also be subject to review by the relevant department of the Xinyi Solar Group and the approval of an executive Xinyi Solar Director regularly before each specific sales contract is confirmed. The historical transaction amount in relation to the sale and purchase of silica sand for the four months ended 30 April 2021 was RMB6.3 million (equivalent to approximately HK\$7.6 million).

REASONS FOR AND BENEFITS OF ENTERING INTO THE SILICA SAND SUPPLY FRAMEWORK AGREEMENT

The sand mine owned by the Xinyi Solar Group in Guangxi Zhuang Autonomous Region can produce different types of silica sand of different purity and quality for different applications. As certain silica sand produced by the sand mine is of the quality suitable for the production of float glass but not of solar glass, the XYS Board is of the view that it would be beneficial to sell such silica sand to the XYG Group for float glass production. On this basis, as the Xinyi Glass Group is prepared to buy the silica sand at market prices, the XYS Board believes that it would be in the interest of the XYS Group as a whole to sell selected silica sand to the Xinyi Glass Group. The Silica Sand Supply Framework Agreement sets forth all terms and conditions of the sale and purchase of silica sand. The terms of these sales transactions are and will continue to be negotiated by both parties on an arm's length basis with reference to the prevailing market prices of silica sand of the same quality. By selling selected silica sand to the Xinyi Glass Group, the Xinyi Solar Group can better utilize its resources and generate additional revenue from its sand mine. By purchasing silica sand from the Xinyi Solar Group, the Xinyi Glass Group can benefit from reduced transportation cost and secure an additional source of supply of silica sand in the vicinity. The Xinyi Solar Directors and the Xinyi Glass Directors confirm that the Silica Sand Supply Framework Agreement was entered into in the ordinary and usual course of business of the Xinyi Solar Group and the Xinyi Glass Group.

Duration of the Silica Sand Supply Framework Agreement

The market conditions (including the market prices and the quantity of demand) of silica sand in the PRC are changing from time to time. The Xinyi Solar Directors and the Xinyi Glass Directors consider that it would be appropriate for the Silica Sand Supply Framework Agreement to be entered into for a term commencing from 26 May 2021 to 31 December 2021. The Xinyi Solar Directors and the Xinyi Glass Directors will review the market conditions to decide the terms of renewal (including the pricing basis) of the Silica Sand Supply Framework Agreement if necessary. Xinyi Solar and Xinyi Glass will make further announcements as and when appropriate in full compliance with the Listing Rules.

INTERNAL CONTROL MEASURES ADOPTED BY THE XINYI SOLAR GROUP

The Xinyi Solar Group has established the following internal control measures to monitor the transactions contemplated under the Silica Sand Supply Framework Agreement:

- (a) The senior management and the relevant departments of the Xinyi Solar Group will review and assess whether the terms set forth in the specific sales contract are consistent with the Silica Sand Supply Framework Agreement, comparable to those offered to independent third parties, and adhere to the agreed pricing basis by implementing the following checking procedures:
 - Collate updated information on the prevailing market prices of silica sand of the same quality from time to time to ensure the aforesaid transaction prices are comparable to those offered by independent third party suppliers. Market prices will be obtained through, among other things, quotations from independent third party suppliers, recent transactions of the Xinyi Solar Group with independent third parties (if any), pricing information obtained through subscription service and researches on industry websites; and
 - Perform checking to ensure any markup or discount is properly determined with reference to the specific delivery, packaging and logistics requirements.
- (b) The relevant departments of the Xinyi Solar Group will be assigned to monitor the actual transaction amounts on a regular basis to ensure that the Cap Amount would not be exceeded and in compliance with the agreed pricing basis and a monthly report will be prepared accordingly.
- (c) The internal audit function of the Xinyi Solar Group will review and conduct sample checks on the transaction amount under the Silica Sand Supply

Framework Agreement, which constitutes continuing connected transactions for Xinyi Solar during the course of its annual review to ensure that the pricing basis and internal control procedures under the Silica Sand Supply Framework Agreement are complied with.

- (d) The independent non-executive Xinyi Solar Directors will review the continuing connected transactions on an annual basis and report their opinion to the Xinyi Solar Board.
- (e) The auditors of Xinyi Solar will conduct annual review on the transactions contemplated by the Silica Sand Supply Framework Agreement and report their findings and conclusions to the Xinyi Solar Board.

GENERAL INFORMATION OF THE PARTIES

The Xinyi Solar Group is principally engaged in the production and sales of solar glass products, which are carried out internationally, through its production complexes in the PRC and Malaysia. In addition, the Xinyi Solar Group is also engaged in the development of solar farms. All issued shares of Xinyi Solar are listed on the Main Board. Hepu Xinyi is a wholly-owned subsidiary of Xinyi Solar and principally engaged in the mining and processing of silica sand.

The Xinyi Glass 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. All issued shares of Xinyi Glass are listed on the Main Board. Xinyi Glass (Hong Kong) is a wholly-owned subsidiary of Xinyi Glass and an investment holding and trading company.

VIEWS OF THE XINYI SOLAR DIRECTORS AND THE XINYI GLASS DIRECTORS ON THE TRANSACTIONS CONTEMPLATED UNDER THE SILICA SAND SUPPLY FRAMEWORK AGREEMENT

The Xinyi Solar Directors (including the independent non-executive Xinyi Solar Directors) consider that the transactions contemplated under the Silica Sand Supply Framework Agreement have been entered into (a) in the ordinary and usual course of the business of the Xinyi Solar Group; (b) on normal commercial terms; and (c) on terms that are fair and reasonable and in the interest of Xinyi Solar and its shareholders as a whole. As each of the following the Xinyi Solar Directors, namely Dr. LEE Yin Yee, B.B.S. (Chairman of the Xinyi Solar Board), Tan Sri Datuk TUNG Ching Sai *P.S.M., D.M.S.M., J.P.*, and Mr. LI Man Yin, has interests in the share capital of Xinyi Glass, each of them has abstained from voting on the resolutions approving the Silica Sand Supply Framework Agreement.

The Xinyi Glass Directors (including the independent non-executive Xinyi Glass Directors) consider that the transactions contemplated under the Silica Sand Supply Framework Agreement have been entered into (a) in the ordinary and usual course of the business of the Xinyi Glass Group; (b) on normal commercial terms; and (c) on terms that are fair and reasonable and in the interest of Xinyi Glass and its shareholders as a whole. As each of the following the Xinyi Glass Directors, namely Dr. LEE Yin Yee, B.B.S. (Chairman of the Xinyi Glass Board), Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.*, Mr. LI Ching Wai, Mr. LI Ching Leung, Mr. SZE Nang Sze and Mr. NG Ngan Ho, has interests in the share capital of Xinyi Solar and Xinyi Glass, each of them has abstained from voting on the resolutions approving the Silica Sand Supply Framework Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As of the date of this joint announcement, the XYG Controlling Shareholders and their respective associates are interested in 25.96% of the share capital of Xinyi Solar. Xinyi Glass is interested in 22.85% of the share capital of Xinyi Solar. Xinyi Solar is not a subsidiary of Xinyi Glass but a connected person of Xinyi Glass. The XYG Controlling Shareholders and their respective associates are interested in 60.00% of the share capital of Xinyi Glass. Since Xinyi Glass is a substantial shareholder of Xinyi Solar, Xinyi Glass and its subsidiaries are connected persons of Xinyi Solar.

The transactions under the Silica Sand Supply Framework Agreement are separate and independent from all other continuing transactions between the Xinyi Solar Group and the Xinyi Glass Group as the Xinyi Solar Group is the seller in these transactions. The subject matter of the transactions, i.e. silica sand, is distinct from the subject matters of all other continuing transactions currently conducted between the Xinyi Glass Group and the Xinyi Solar Group acting as the seller and the buyer, respectively. The internal control measures adopted for the purpose of the Silica Sand Supply Framework Agreement are also different from those other existing transactions. Hence, members of the XYG Board and the XYS Board are of the view that the transactions under the Silica Sand Supply Framework Agreement should not be aggregated with the other continuing transactions currently conducted between the Xinyi Glass Group and the Xinyi Solar Group for the purpose of the Listing Rules. As the highest applicable percentage ratio of the continuing connected transactions under the Silica Sand Supply Framework Agreement is greater than 0.1% but less than 5.0%, the Silica Sand Supply Framework Agreement and the transactions contemplated thereunder will be subject to the reporting, announcement and annual review requirements but will be exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Should there be any new agreement entered into for the sale and purchase of silica sand within 12 months from the date of the Silica Sand Supply Framework Agreement, the amount under such new agreement will be aggregated into the transaction amount under the Silica Sand Supply Framework Agreement for the purpose of determining the applicable disclosure and/or shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules. Xinyi Solar and Xinyi Glass will make separate announcements as and when appropriate.

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;
“Cap Amount”	means the maximum purchase amount of silica sand under the Silica Sand Supply Framework Agreement, being RMB66.2 million (equivalent to approximately HK\$79.5 million);
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Hepu Xinyi”	means 合浦信義礦業有限公司 (Hepu Xinyi Mining Co., Ltd.*), a limited liability company established in the PRC and a wholly-owned subsidiary of Xinyi Solar;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People's Republic of China;
“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;
“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;

“Renminbi” or RMB”	means Renminbi yuan, the lawful currency of the PRC;
“Silica Sand Supply Framework Agreement”	means the silica sand supply framework agreement dated 26 May 2021 entered into between Hepu Xinyi as supplier and Xinyi Glass (Hong Kong) (for itself and on behalf of other members of the Xinyi Glass Group) as purchaser in relation to the sales and purchase of silica sand;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules;
“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);
“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 Glass Board”	means the board of Xinyi Glass Directors;
“Xinyi Glass Directors”	means the directors of Xinyi Glass;
“Xinyi Glass Group”	means Xinyi Glass and its subsidiaries;
“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 Main Board (stock code: 00968);
“Xinyi Solar Board”	means the board of Xinyi Solar Directors;
“Xinyi Solar Directors”	means the directors of Xinyi Solar;
“Xinyi Solar Group”	means Xinyi Solar and its subsidiaries;

“XYG Controlling Shareholders”

means the controlling shareholders (as such term is defined under the Listing Rules) of Xinyi Glass, namely Dr. LEE Yin Yee, B.B.S., Mr. Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.*, Mr. TUNG Ching Bor, 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; 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, 26 May 2021

** For identification only.*

Unless the context requires otherwise, the translation of RMB into HK\$ in this joint announcement is based on the rate of RMB0.8323 = 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 Xinyi Solar Board comprises four executive directors, namely Dr. LEE Yin Yee, B.B.S. (Chairman of the Xinyi Solar Board), Mr. LEE Yau Ching, Mr. LI Man Yin, and Mr. CHEN Xi, two non-executive directors, namely Mr. 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 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 Xinyi Glass Board comprises four executive directors, namely Dr. LEE Yin Yee, B.B.S. (Chairman of the Xinyi Glass Board), Mr. TUNG Ching Bor, Mr. 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. LI Ching Leung, Mr. SZE Nang Sze and Mr. NG Ngan Ho, and five independent non-executive 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.hk.