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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)**

### **DISCLOSEABLE AND CONNECTED TRANSACTION JOINT VENTURE AGREEMENT**

The Board wishes to announce that on 7 April 2021 (after trading hours), the Joint Venture Agreement has been entered into for the establishment of the JV Company. Pursuant to the terms of the Joint Venture Agreement, Xinyi Investment (Suzhou) will make cash contribution of RMB30.0 million to the JV Company and Shenzhen Boneng will contribute certain assets consisting of the Patented Technology, the Production Technologies as well as its existing production equipment and inventories with the total value of RMB9.6 million to the JV Company. Upon completion of the establishment of the JV Company, it will be owned as to 68.0% by Xinyi Investment (Suzhou) and 32.0% by Shenzhen Boneng, respectively, with registered capital of RMB30.0 million and capital reserve of RMB9.6 million. The JV Company will be a non-wholly owned subsidiary of the Company.

As the highest percentage ratio as set forth in the GEM Listing Rules in relation to the transactions contemplated under the Joint Venture Agreement is more than 5% but less than 25%, the entering into of the Joint Venture Agreement and the transactions as contemplated thereunder constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As of the date of the Joint Venture Agreement, Shenzhen Boneng is owned as to 60.0% by Mr. TAM (including the interest through his associate) and 20.0% by Mr. WANG. Both Mr. TAM and Mr. WANG are directors of Polaron and are interested in 26.0% and 6.0%, respectively, of the equity interest of Polaron. Accordingly, each of Mr. TAM and Mr. WANG is a connected person at the subsidiary level of the Company pursuant to Chapter 20 of the GEM Listing Rules and Shenzhen Boneng is in turn an associate of connected persons at the subsidiary level of the Company. The entering into of the Joint Venture Agreement and the transactions as contemplated thereunder constitute a connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

Pursuant to Rule 20.99 of the GEM Listing Rules, as (i) each of Mr. TAM and Mr. WANG is only a connected person at the subsidiary level; (ii) the transactions as contemplated under the Joint Venture Agreement are on normal commercial terms; (iii) the Board (including all the independent non-executive Directors) have approved the Joint Venture Agreement and the transactions as contemplated thereunder; and (iv) the independent non-executive Directors have confirmed that the terms of the Joint Venture Agreement are fair and reasonable, the transactions as contemplated under the Joint Venture Agreement are on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the entering into of the Joint Venture Agreement and the transactions as contemplated thereunder are subject only to the reporting and announcement requirements but are exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

## **INTRODUCTION**

The Board wishes to announce that on 7 April 2021 (after trading hours), the Joint Venture Agreement has been entered into for the establishment of the JV Company. Pursuant to the terms of the Joint Venture Agreement, Xinyi Investment (Suzhou) will make cash contribution of RMB30.0 million to the JV Company and Shenzhen Boneng will contribute certain assets consisting of the Patented Technology, the Production Technologies as well as its existing production equipment and inventories with the total value of RMB9.6 million to the JV Company. Upon completion of the establishment of the JV Company, it will be owned as to 68.0% by Xinyi Investment (Suzhou) and 32.0% by Shenzhen Boneng, with registered capital of RMB30.0 million and capital reserve of RMB9.6 million. The JV Company will be a non-wholly owned subsidiary of the Company.

## **THE JOINT VENTURE AGREEMENT**

The principal terms and conditions of the Joint Venture Agreement are as follows:

Date : 7 April 2021

Parties : (1) Xinyi Investment (Suzhou), a wholly-owned subsidiary of the Company; and  
(2) Shenzhen Boneng.

Proposed name and place of establishment of the JV Company	:	Xinyi Electric Storage (Shenzhen) Company Limited* (信義儲電(深圳)有限公司) (subject to the final name as approved and registered by the relevant PRC government authority), a company proposed to be established in Shenzhen, the PRC.
Scope of business	:	The JV Company will be principally engaged in the research and development, and sales of renewable energy products.
Total registered capital and capital reserve	:	RMB30.0 million and RMB9.6 million, respectively.
Contribution to the registered capital	:	<p>The total registered capital of RMB30.0 million and the capital reserve of RMB9.6 million will be contributed as follows:</p> <p>(a) 68.0% by Xinyi Investment (Suzhou) in cash of RMB30.0 million with premium of RMB9.6 million to be accounted into capital reserve of the JV Company; and</p> <p>(b) 32.0% by Shenzhen Boneng in the form of certain assets consisting of the Patented Technology, the Production Technologies as well as its existing production equipment and inventories with the total value of RMB9.6 million.</p>
Contribution by Xinyi Investment (Suzhou)	:	Xinyi Investment (Suzhou) shall complete the capital contribution according to the actual operation needs of the JV Company within three years after its establishment. The capital contribution by Xinyi Investment (Suzhou) will be funded by the internal financial resources of the Group.

Contribution by Shenzhen Boneng : Shenzhen Boneng shall deliver to the JV Company all documents, knowhow and information on the Patented Technology and the Production Technologies within 30 days immediately after the establishment of the JV Company. The patent application for each of the Production Technologies shall be filed within one year from the date of delivery of the Production Technologies to the JV Company.

The inventors and the team members of the Patented Technology and the Production Technologies shall resign from Shenzhen Boneng and become full-time employees of the JV Company for a period of not less than five years from the date of joining.

The production equipment to be contributed by Shenzhen Boneng shall include:

- (a) laboratory equipment;
- (b) moulds and parts for production use; and
- (c) office supplies and electrical appliances.

The inventories to be contributed by Shenzhen Boneng shall include raw materials and finished goods of renewable energy products.

All the Patented Technology, the Production Technologies, the production equipment and inventories contributed by Shenzhen Boneng shall be transferred to and if the law permits, registered in the name of the JV Company within 30 days after the establishment of the JV Company in accordance with the PRC laws and regulations.

- Indemnity : Shenzhen Boneng shall indemnify and hold harmless Xinyi Investment (Suzhou) and the JV Company from and against any liability, expense or legal and similar costs as a result of any threatened or actual claim or action alleging the infringement of any patent or any other intellectual property right, or alleging unauthorised use or disclosure of any proprietary technical data and information in respect of any of the Production Technologies.
- Restriction on equity transfer : All or some of the equity interests in the JV Company may be transferred among the parties to the Joint Venture Agreement. In relation to transfer of equity interests in the JV Company to anyone other than the parties to the Joint Venture Agreement, notification in writing shall be given to the other party to the Joint Venture Agreement at least six (6) months prior to the transfer and consent from the other party is required.

The amount of the capital contribution to be made by Xinyi Investment (Suzhou) and Shenzhen Boneng was determined by the parties to the Joint Venture Agreement through arm's length negotiations after taking into consideration the expected working capital required for the JV Company. On this basis, the Directors consider that the capital contribution to be made by Xinyi Investment (Suzhou) under the Joint Venture Agreement is fair and reasonable.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE JOINT VENTURE AGREEMENT**

As disclosed in the Company's annual reports for 2019 and 2020, the Group has developed renewable energy businesses, including the production and sales of electric storage products, and has consistently focused on research and development which is believed to be the key to achieve long-term development of its businesses. Shenzhen Boneng is a provider of integrated solutions on smart energy solutions in renewable energy, in particular, the research and development of charging apparatuses and power conversion systems. The Directors believe that a cooperation with Shenzhen Boneng represents an opportunity for the Group to leverage on the experience and expertise of Shenzhen Boneng. Furthermore, with the Patented

Technology and the Production Technologies, the JV Company is expected to accelerate its product research and development in electric storage business. Accordingly, the Directors consider that the formation of the JV Company will be in the interests of the Company and its Shareholders as a whole.

The Directors (including the independent non-executive Directors) are of the view that the Joint Venture Agreement was entered into after arm's length negotiations and on normal commercial terms and the terms of the Joint Venture Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

## **INFORMATION ON THE PARTIES TO THE JOINT VENTURE AGREEMENT**

The Group is principally engaged in electric storage business. The Company operates its business through four segments: (i) electric storage business, (ii) engineering, procurement and construction services for photovoltaic power stations, (iii) automobile glass repair and replacement services and (iv) other businesses including trading of forklift business, providing management services for wind farm operations and wind farm project investment and development business.

Xinyi Investment (Suzhou) is a limited company established in the PRC and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

Shenzhen Boneng is currently owned as to 60.0% by Mr. TAM (including the interest through his associate), 20.0% by Mr. WANG and 20.0% by an Independent Third Party. Shenzhen Boneng is principally engaged in providing smart energy solutions in renewable energy and research and development on products including charging apparatuses and power conversion systems.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

### **Discloseable transaction**

As the highest percentage ratio as set forth in the GEM Listing Rules in relation to the transactions contemplated under the Joint Venture Agreement is more than 5% but less than 25%, the entering into of the Joint Venture Agreement and the transactions as contemplated thereunder constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

## Connected transaction

As of the date of the Joint Venture Agreement, Shenzhen Boneng is owned as to 60.0% by Mr. TAM (including the interest through his associate) and 20.0% by Mr. WANG. Both Mr. TAM and Mr. WANG are directors of Polaron and are interested in 26.0% and 6.0%, respectively, of the equity interest of Polaron. Accordingly, each of Mr. TAM and Mr. WANG is a connected person at the subsidiary level of the Company pursuant to Chapter 20 of the GEM Listing Rules and Shenzhen Boneng is in turn an associate of connected persons at the subsidiary level of the Company. The entering into of the Joint Venture Agreement and the transactions as contemplated thereunder constitute a connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

Pursuant to Rule 20.99 of the GEM Listing Rules, as (i) each of Mr. TAM and Mr. WANG is only a connected person at the subsidiary level; (ii) the transactions as contemplated under the Joint Venture Agreement are on normal commercial terms; (iii) the Board (including all the independent non-executive Directors) have approved the Joint Venture Agreement and the transactions as contemplated thereunder; and (iv) the independent non-executive Directors have confirmed that the terms of the Joint Venture Agreement are fair and reasonable, the transactions as contemplated under the Joint Venture Agreement are on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the entering into of the Joint Venture Agreement and the transactions as contemplated thereunder are subject only to the reporting and announcement requirements but are exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

## DEFINITIONS USED IN THIS ANNOUNCEMENT

*In this announcement, unless the context requires otherwise, the capitalised terms used herein shall have the following meanings:*

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Board”	the board of Directors;
“Company”	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);
“connected person(s)”	has the meaning given to it under the GEM Listing Rules;

“Director(s)”	the director(s) of the Company;
“GEM”	The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited;
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited;
“Group”	the Company and its subsidiaries;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Third Party(ies)”	third party(ies) independent of the Company and its/their connected persons;
“Mr. TAM”	Mr. Antonio TAM (譚炳均), a connected person at subsidiary level of the Company;
“Mr. WANG”	Mr. Mohan WANG (王墨涵), a connected person at subsidiary level of the Company;
“Joint Venture Agreement”	the joint venture agreement dated 7 April 2021 and entered into between Xinyi Investment (Suzhou) and Shenzhen Boneng in relation to the formation of the JV Company;
“JV Company”	a limited liability company to be established by the parties to the Joint Venture Agreement;
“Patented Technology”	the appearance design patent registered in the PRC (patent no. ZL 2019 3 0567622.6) in relation to the design of charger for use as electric vehicle charging equipment to be transferred by Shenzhen Boneng to the JV Company as part of its capital contribution;
“Polaron”	Polaron Energy Corp., a non-wholly owned subsidiary of the Company which is owned as to 68.0%, 26.0% and 6.0% by the Company, Mr. TAM and Mr. WANG, respectively, as of the date of this announcement;



“PRC”	the People’s Republic of China, which for the purpose of this announcement does not include Hong Kong, the Macau Special Administrative Region of The People’s Republic of China and Taiwan;
“Production Technologies”	<p>the production technologies to be transferred from Shenzhen Boneng to the JV Company as part of its capital contribution to the JV Company, which include the know-how and intellectual property rights of:</p> <p>(a) five inventions relating to energy storage system, photovoltaic system, grid-connected inverters, hybrid inverters and islanding detection; and</p> <p>(b) one circuit protection design,</p> <p>both of which will be applied for patent registrations in the PRC under the name of the JV Company and will form part of the capital contribution by Shenzhen Boneng;</p>
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC;
“Shares”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Shenzhen Boneng”	Shenzhen Boneng New Energy Technology Co., Ltd.* (深圳市博能新能源科技有限公司), a company established in the PRC with limited liability and is owned as to 60.0% by Mr. TAM (including the interest through his associate), 20.0% by Mr. WANG and 20.0% by an Independent Third Party;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary” or “subsidiaries”	has the meaning given to it under the GEM Listing Rules;

“Xinyi Investment  
(Suzhou)”

Xinyi Energy Investment (Suzhou) Company Limited\* (信義能源投資(蘇州)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company; and

“%”

per cent.

\* for identification purpose only

By Order of the Board  
**Xinyi Electric Storage Holdings Limited**  
**Tan Sri Datuk TUNG Ching Sai** *P.S.M, D.M.S.M, J.P.*  
*Chairman*

Hong Kong, 7 April 2021

*As of the date of this announcement, the executive Directors are Mr. NG Ngan Ho and Ms. LI Pik Yung, the non-executive Directors are Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, J.P. (Chairman) and Mr. LEE Shing Kan, and the independent non-executive Directors are Mr. WANG Guisheng, Mr. NG Wai Hung and Mr. CHAN Hak Kan, B.B.S., J.P..*

*This announcement, for which the 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 the Company. 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 announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of posting and on the Company’s website at [www.xyglass.com.hk](http://www.xyglass.com.hk).*