



# XINYI ENERGY HOLDINGS LIMITED

## 信義能源控股有限公司

*(Incorporated in the British Virgin Islands with limited liability)*

Stock Code : 03868

The background of the cover features a large, stylized globe made of blue and white hexagonal panels, partially obscured by a lush green tree in the foreground. Below the globe, a field of tall green grass is visible, and in the distance, a large array of solar panels is set up on a hillside under a clear blue sky.

**INTERIM  
REPORT  
2020**

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## Corporate Information

### NON-EXECUTIVE DIRECTOR AND CHAIRMAN

Dr. LEE Yin Yee, B.B.S. (*Chairman*) <sup>o-</sup>  
(Resigned on 4 August 2020)

### EXECUTIVE DIRECTORS

Mr. LEE Shing Put, B.B.S. (*Chairman*) <sup>o-</sup>  
(Appointed on 4 August 2020)

Tan Sri Datuk TUNG Ching Sai  
*P.S.M., D.M.S.M (Vice Chairman)* <sup>o<</sup>

Mr. TUNG Fong Ngai  
(*Chief Executive Officer*) <sup>^</sup>

Mr. LEE Yau Ching

Ms. CHENG Shu E <sup>=</sup>

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LEUNG Ting Yuk' <sup>o<=</sup>

The Hon. IP Kwok Him,  
G.B.M., G.B.S., J.P. <sup>#+ <=</sup>

Ms. LYU Fang <sup># o<=</sup>

- \* Chairman of audit committee
- # Members of audit committee
- + Chairman of remuneration committee
- o Members of remuneration committee
- ~ Chairman of nomination committee
- < Members of nomination committee
- ^ Chairman of acquisition committee
- = Members of acquisition committee

### COMPANY SECRETARY

Mr. TUEN Ling, CPA

### REGISTERED OFFICE

Jayla Place  
Wickhams Cay I  
Road Town  
Tortola, VG1110  
British Virgin Islands

### PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 102, Meidiya Road  
E Qiao Town  
Sanshan District  
Wuhu Country  
Auhui Province  
China

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2118-2120, 21/F  
Rykadan Capital Tower  
No. 135 Hoi Bun Road  
Kwun Tong, Kowloon  
Hong Kong

### LEGAL ADVISERS AS TO HONG KONG LAW

Squire Patton Boggs  
29th Floor, Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

## Corporate Information

### COMPLIANCE ADVISER

Lego Corporate Finance Limited  
Room 1601, 16/F, China Building  
29 Queen's Road Central  
Hong Kong

### AUDITOR

PricewaterhouseCoopers,  
Certified Public Accountants and  
Registered PIE Auditor  
22nd Floor, Prince's Building  
Central, Hong Kong

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Hang Seng Bank Limited  
The Hongkong and Shanghai Banking  
Corporation Limited  
Chiyu Bank Corporation Limited  
DBS Bank (Hong Kong) Limited  
China Citic Bank  
Huishang Bank Corporation Limited

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BRITISH VIRGIN ISLANDS

Ocorian Corporate Services (BVI) Limited  
Jayla Place, Wickhams Cay I  
PO Box 3190  
Road Town, Tortola, VG1110  
British Virgin Islands

### HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor  
Services Limited  
Shops 1712-16, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

### WEBSITE

<http://www.xinyienergy.com>

### SHARE INFORMATION

Place of listing: Main Board of The Stock  
Exchange of Hong Kong Limited  
Stock Code: 03868  
Listing date: 28 May 2019  
Board lot: 2,000 ordinary shares  
Financial year end: 31 December  
Share price as at the date of this interim  
report: HK\$2.58  
Market capitalisation as of the date of  
this interim report:  
Approximately HK\$17.42 billion

### KEY DATES

Closure of register of members:  
Tuesday, 18 August 2020 to  
Thursday, 20 August 2020  
(both days inclusive)

Proposed interim dividend payable date:  
On or about Wednesday,  
16 September 2020

## Financial Highlights

	Six months ended 30 June		Year ended 31 December
	2020 <i>HK\$ million</i> <i>(Unaudited)</i>	2019 <i>HK\$ million</i> <i>(Unaudited)</i>	2019 <i>HK\$ million</i> <i>(Audited)</i>
Revenue	<b>853.1</b>	636.4	1,593.1
Profit before income tax	<b>523.1</b>	410.6	1,022.1
Profit attributable to Company's equity holders	<b>437.6</b>	356.1	891.0
Earnings per Share – basic and diluted	<b>6.48 HK cents</b>	7.01 HK cents	15.03 HK cents
Distributable Income <sup>(1)</sup>	<b>405.0</b>	339.9	566.9
Dividends	<b>405.1</b>	337.6	574.0
Dividends per Share	<b>6.00 HK cents</b>	5.00 HK cents	8.50 HK cents

  

	At 30 June		At 31 December
	2020 <i>HK\$ million</i> <i>(Unaudited)</i>	2019 <i>HK\$ million</i> <i>(Unaudited)</i>	2019 <i>HK\$ million</i> <i>(Audited)</i>
Equity attributable to Company's equity holders	<b>9,823.4</b>	10,232.0	10,193.7

Note:

- (1) The calculation of Distribution Income is based on the dividend policy set forth in the prospectus of the Company dated 15 May 2019.

## Chairman's Statement

Dear Shareholders

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Xinyi Energy Holdings Limited (the "**Company**" together with its subsidiaries, the "**Group**" or "**Xinyi Energy**") announces the interim condensed consolidated results of the Group for the six months ended 30 June 2020 ("**1H2020**"), together with the comparative figures for the six months ended 30 June 2019 ("**1H2019**").

### OVERVIEW

In 1H2020, an unexpected outbreak of the novel coronavirus (the "**COVID-19**") has caused drastic fluctuations in economic and financial environment around the world. In the People's Republic of China (the "**PRC**"), various industries suffered as a result of halt in production and operations of enterprises after the Lunar New Year in late January until April 2020. Nevertheless, as a pure solar farm owner and operator, the daily operation of the Group had not been affected by the epidemic nor the global economic downturn.

In 1H2020, due to the full performance and profit contributions from the 2019 Portfolio, the Group's consolidated revenue increased by 34.1% to HK\$853.1 million and the profit for the period attributable to the equity holders of the Company increased by 22.9% to HK\$437.6 million. Basic earning per share were 6.48 HK cents for the 1H2020, as compared to 7.01 HK cents for the six months ended 30 June 2019.

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*Note:*

The six utility-scale ground-mounted solar farm projects, namely Xiaochang Solar Farm One, Xiaochang Solar Farm Two, Suiping Solar Farm, Shouxian Solar Farm Two, Huainan Solar Farm, and Wuwei Solar Farm Two, with an aggregate approved capacity of 540 MW for electricity generation (the "**2019 Portfolio**").

# Chairman's Statement

## BUSINESS REVIEW

### Steady growth of revenue contribution from 2019 Portfolio

The Group's electricity generation volume grew significantly in 1H2020, primarily due to the successful acquisition of the 2019 Portfolio with an aggregated approved capacity of 540 megawatt ("**MW**") from Xinyi Solar Holdings Limited ("**Xinyi Solar**") in June 2019. During 1H2020, the amount of the revenue contributed by this portfolio was HK\$289.1 million, representing an increase of 350.7% as compared to 1H2019 and 34.1% of the total revenue of solar power electricity generation of the Group for 1H2020.

As all solar farm projects of the Group are located in provinces or municipality with relatively high electricity demand such as Anhui Province, Hubei Province, Fujian Province and Tianjin Municipality in the PRC, the Group has not faced any curtailment issue in electricity generation from its sole customer, The State Grid Corporation, in 1H2020 and in previous years.

### Acquisition of grid-bidding solar farm project – 2020 Portfolio

For the purpose of reducing the enormous pressure on the Chinese Renewable Energy Development Fund, 2019 was the first transition year for the photovoltaic (the "**PV**") industry of the PRC to shift from the Feed-in-Tariff (the "**FIT**") regime to a grid-parity regime. During this transition period, subsidies, at a very low level, will be continued for a few years and eventually extinct. Grid-bidding was a new regime derived for this transition. However, due to the late release of this new policy and approval of solar farm projects under the new regime, there were relatively few newly-started utility-scale solar farm projects (under grid-parity and grid-bidding regime) completed the constructions in 2019.

To achieve proper business delineation between the Group and Xinyi Solar, the Group only acquires new solar farm projects that have achieved grid connection and have substantially completed construction. After consultations with an independent third party since late 2019, the Group successfully acquired a grid-bidding solar farm project in April 2020. The project is located in Wuwei County, Anhui Province, with an approved capacity of 20MW. The Directors believe that this solar farm project can provide better visibility in future cash flows without delays in subsidy payments. Thus, the Group will continue to give priority to the acquisition of the grid-bidding and grid-parity solar farm projects in the future.

## Chairman's Statement

### Improvement on electricity generation

Since the early of June 2020, the monsoon season in the region along the Yangtze River, including a large part of Hubei Province, Anhui Province and Fujian Province, started earlier than normal, resulting in heavy rainfall in the region in June and July. The number of days with sunlight was reduced significantly. Nevertheless, the performance of solar farm projects of the Group continued to operate at improved efficiency levels. These improvements were due to the Group's enhanced solar farm project management and control systems, which have been developed by the Group over the years. Positive results were achieved in the reduction of the system breakdown rate and the electricity loss, even though the electricity generated in the region was less than that in the previous years. The average utilization rates of the Initial Portfolio and 2019 Portfolio increased 2.1% and 5.0%, respectively, during 1H2020, as compared to 1H2019.

### BUSINESS OUTLOOK

In response to the exceptional circumstances caused by COVID-19 outbreak and as remedial measures, governments across the world have imposed restrictions on majority of social and economic activities. These measures include partial or complete lockdowns, day and night curfews, closure of non-essential businesses and educational institutions, and prohibition on public social gatherings. From early 2020 to the present, majority of the global population have been affected by some form of containment measures.

Being the country first impacted by the COVID-19 outbreak since December 2019, the PRC began to implement lockdown measures with strong macroeconomic impacts after the Lunar New Year in late January 2020 until April 2020. Since then, the PRC government began to lift restrictions and restart factories, thereby assisting the recovery of the manufacturing industry. Nevertheless, as social distancing measures remain in place, the recovery of the service industry is still hindered.

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*Note:*

The nine utility-scale ground-mounted solar farm projects, namely Nanping Solar Farm, Hong'an Solar Farm, Wuwei Solar Farm One, Lixin Solar Farm, Fanchang Solar Farm, Binhai Solar Farm, Shouxian Solar Farm One, Sanshan Solar Farm and Jinzhai Solar Farm, with an aggregate approved capacity of 954 MW for electricity generation (the "Initial Portfolio").



## Chairman's Statement

According to the statistics of the International Energy Agency (the "IEA"), electricity demand of the world has been significantly reduced as a result of lockdown measures, with knock-on effects on the power mix. Electricity demand has been reduced by more than 20% during the periods of full lockdown in several countries, such as the PRC, as the increase in residential demand were far outweighed by the reductions in commercial and industrial operations. For couples of weeks, the shape of electricity resembled that of a prolonged Sunday. Reduced demands have lifted the share of renewables in electricity supply since their outputs are largely unaffected by the demand. At the same time, demands fell for all other sources of electricity, such as coal and gas. During the first quarter of 2020, global use of renewable energy in all sectors and renewable electricity generation increased by around 1.5% and 3.0%, respectively, as compared to the same period in 2019.

At the same time, in accordance the data and statistics published by the National Bureau of Statistics (the "NBS"), during the first quarter of 2020, national aggregated electricity generation from all sources reduced by 6.8% while PV electricity generation increased by 19.9%, as compared to the same period in 2019.

As a result, under the COVID-19 outbreak, the Group's PV electricity generation business performed well with the improvement on the average utilization rate (electricity generation volume increased), which was consistent with the PRC and global statistics. The performance in 1H2020 has once again proved the stability of the solar power electricity generation business.

In light of the relevant policy jointly issued in 2019 by the National Development and Reform Commission (the "NDRC") and the National Energy Administration ("NEA"), several changes have been brought to the PRC's existing renewable energy policies. The changes aim to develop a PV power generation market, namely, the grid-parity regime, without any subsidy portion. The Directors believe that these changes will favor the healthy development of the whole industry because of a reduction of reliance on subsidies. The Group has captured the opportunities during this new market environment by a completion of an acquisition of a grid-bidding solar farm project in 1H2020. For the purpose of strengthening the Group's solar farm projects owned and managed, the Group targets to complete acquisitions of solar farm projects with aggregated approved capacity of 230MW from Xinyi Solar by the end of the third quarter of 2020 as well as a grid-parity solar farm project from an independent third party before the ended of 2020.

## Chairman's Statement

With regard to the administrative measures of the renewable energy subsidy payment, in January 2020, new policies were jointly issued by NDRC, Ministry of Finance (the "MoF") and NEA. Under these new policies, the PRC government will no longer announce the "Renewable Energy Tariff Subsidy Catalogue" (《可再生能源補助目錄》) (the "Catalogue"). All renewable energy projects shall submit their applications to the National Renewable Energy Information Management Platform (可再生能源信息管理平台). The grid companies shall observe the principles set forth in the policies, determine, and regularly publish the "Renewable Energy Power Generation Project List" (《可再生能源發電項目清單》) (the "List"). Solar farm projects listed in the Catalogue (first to seventh batches) will be enlisted in the List automatically. However, due to the COVID-19 outbreak and partial or complete lockdowns during the first quarter of 2020, the application process could not be carried out according to the original timeline. The approval process was accordingly delayed and the provision of subsidies for the year was significantly affected as well.

### CONCLUSION

Due to the continuation of the COVID-19 outbreak and the rapid changes in the global economic environment, it is expected that challenges to the overall PV industry in 2020 will continue or even extend into next year. As a member of this industry, the Group will continue to adhere to a prudent and proactive approach for future development and expansion plans on grid-bidding and grid-parity solar farm projects. In addition, the Group will maintain the dividend policy and follow its commitment at the time of listing, which is to distribute 100% of the Distributable Income in 2020.

**Dr. LEE Yin Yee, B.B.S.**

*Chairman*

Hong Kong, 3 August 2020

# Management's Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

For 1H2020, the Group's revenue was mainly derived from (i) solar power electricity generation; and (ii) service fee income from the provision of the solar farm operation and management services. Both revenues from solar power electricity generation and service fee income significantly increased, as compared to 1H2019.

The table below sets forth an analysis of the Group's revenue in 1H2020, as compared to 1H2019:

### Revenue – By business

	1H2020		1H2019		Increase	
	HK\$'million	% of revenue	HK\$'million	% of revenue	HK\$'million	%
Sales of electricity	334.9	39.3	244.3	38.4	90.6	37.1
Tariff adjustment	514.1	60.2	391.3	61.5	122.8	31.4
	<b>849.0</b>	<b>99.5</b>	635.6	99.9	213.4	33.6
Operation and management services	4.1	0.5	0.8	0.1	3.3	412.5
<b>Total</b>	<b>853.1</b>	<b>100.0</b>	<b>636.4</b>	<b>100.0</b>	<b>216.7</b>	<b>34.1</b>

The Group's revenue contributed by the sales of electricity and the tariff adjustment increased by 37.1% to HK\$334.9 million and 31.4% to HK\$514.1 million, respectively, as compared to the corresponding period in 2019. The increase was primarily due to the full performance and contribution of the 2019 Portfolio and operational efficiency during the 1H2020. However, this increase was partially offset by the continuous depreciation of foreign exchange rate - Renminbi ("RMB") against Hong Kong Dollar ("HK\$"). The Group has not experienced any curtailment in the power purchased by the customers during both six months ended.

In 1H2020, the revenue generated from the Initial Portfolio slightly decreased to HK\$557.1 million, as compared to HK\$571.4 million for 1H2019. However, in reality, the revenue of Initial Portfolio denominated in RMB increased by 2.7% as compared to the revenue in RMB for 1H2019. The increase in revenue denominated in RMB was offset by the depreciation of RMB against HK\$.

## Management's Discussion and Analysis

In 1H2020, the Group's revenue from solar power electricity generation was contributed by the solar farms operated and managed by the Group as follows:

<b>Name of the solar farm projects</b>	<b>Location</b>	<b>Approved capacity (MW)</b>
<b>Initial Portfolio</b>		
Nanping Solar Farm	Fujian Province, PRC	30
Hong'an Solar Farm	Hubei Province, PRC	100
Wuwei Solar Farm One	Anhui Province, PRC	100
Lixin Solar Farm	Anhui Province, PRC	140
Fanchang Solar Farm	Anhui Province, PRC	60
Binhai Solar Farm	Tianjin Municipality, PRC	174
Shouxian Solar Farm One	Anhui Province, PRC	100
Sanshan Solar Farm	Anhui Province, PRC	100
Jinzhai Solar Farm	Anhui Province, PRC	150
		<b>954</b>
<b>2019 Portfolio</b>		
Xiaochang Solar Farm One	Hubei Province, PRC	130
Xiaochang Solar Farm Two	Hubei Province, PRC	30
Suiping Solar Farm	Henan Province, PRC	110
Shouxian Solar Farm Two	Anhui Province, PRC	200
Huainan Solar Farm	Anhui Province, PRC	20
Wuwei Solar Farm Two	Anhui Province, PRC	50
		<b>540</b>
<b>2020 Portfolio</b>		
Wuwei Rihao Solar Farm	Anhui Province, PRC	20
<b>Total</b>		<b>1,514</b>

## Management's Discussion and Analysis

The Group recorded HK\$4.1 million from the solar farm operation and management services rendered for 1H2020, which represented for 0.5% of the total revenue. All of the revenue generated by the solar farms operation and management services were provided to Xinyi Solar's connection-ready solar farm projects, which in accordance with Solar Farm Operation and Management Agreement. Those services provided by the Group are on commercial terms, taking into consideration factors such as price, work efficiency, and service quality, as compared to the services provided to independent third parties.

### Cost of sales

The Group has continuously achieved an effective and efficient operation with lower costs through implementing the sophisticated management for the individual solar farms and nationwide centralized surveillance system in 1H2020.

Cost of sales of the Group increased by 46.7% to HK\$233.4 million in 1H2020 from HK\$159.1 million in 1H2019. The increase was mainly due to the increased depreciation charge of property, plant and equipment and right-of-use assets, staff cost, and electricity expenses following the completion of the acquisition of the 2019 Portfolio in June 2019.

### Gross profit

The Group's gross profit increased by HK\$142.4 million, or 29.8%, from HK\$477.3 million in 1H2019 to HK\$619.7 million in 1H2020, which is in line with the increase in revenue. The increase was mainly due to the greater contributions from the solar power electricity generation and service fee income from the provision of the solar farm operation and management services businesses, respectively.

Overall gross profit margin of the Group decreased by 2.4% to 72.6% in 1H2020 from 75.0% in 1H2019. The decrease was primarily due to increase in (i) the repair and maintenance expenses; and (ii) depreciation charge of the solar farms projects.

## Management's Discussion and Analysis

### Other income

In 1H2020, other income significantly increased by 173.2% to HK\$5.7 million, as compared to HK\$2.1 million in 1H2019. The increase was mainly due to the increase in the receipt of the government grant partially offset by the decrease in the amount of insurance compensation.

### Other (losses)/gains, net

The Group recorded other losses, net of HK\$22,000 in 1H2020, as compared to other gains, net of HK\$0.3 million in 1H2019 due to the depreciation of the RMB against HK\$.

### Administrative expenses

The Group's administrative expenses decreased by HK\$8.3 million from HK\$27.1 million in 1H2019 to HK\$18.8 million in 1H2020. The decrease was mainly due to the decrease in (i) listing expenses in 2019; and (ii) legal and professional fees, which were partially offset by the increase in (i) employees' benefit expenses; (ii) insurance expenses; and (iii) other miscellaneous expenses.

### Finance income and finance costs

The finance income increased by 252.5% to HK\$18.4 million in 1H2020 due to (i) the receipt of an aggregate subsidy payments in the second half of 2019; and (ii) the bank interest income on net proceeds of the global offering in May 2019 (the "**Global Offering**").

The total finance costs of the Group amounted to HK\$101.9 million in 1H2020, as compared to HK\$47.3 million in 1H2019. The interest expenses on bank borrowings decreased from HK\$37.1 million for 1H2019 to HK\$32.5 million for 1H2020. The decrease was primarily due to the decrease in bank borrowing's effective interest rate partially offset by the slight addition in the balance of interest-bearing bank borrowings. Meanwhile, the Group also incurred the imputed interest expenses on the deferred payment of the consideration of the acquisition of the 2019 Portfolio was HK\$55.5 million for 1H2020. The interest component on lease liabilities increased by HK\$3.7 million, or 36.4% from HK\$10.2 million in 1H2019 to HK\$13.9 million in 1H2020.

## Management's Discussion and Analysis

### Income tax expense

The Group incurred income tax expense of HK\$85.6 million for 1H2020 as compared to HK\$54.5 million for 1H2019. The increase mainly attributable to (i) the acquisition of 2019 Portfolio in June 2019; and (ii) one solar farm project under the Initial Portfolio commencing the full payment of PRC corporate income tax at the statutory rate of 25% (1H2019: Nil).

### Adjusted EBITDA, Distributable Income and net profit

In 1H2020, the adjusted EBITDA was HK\$800.5 million, representing an increase of 37.8%, as compared to HK\$580.9 million for the same period ended in 2019. The adjusted EBITDA margin was increased by 2.5%, from 91.3% for 1H2019 to 93.8% for 1H2020.

The Distributable Income, pursuant to the distribution policy of the Group, was HK\$405.0 million, which represents an increase of 19.2%, as compared to HK\$339.9 million in 1H2019.

Net profit attributable to equity holders of the Group in 1H2020 was HK\$437.6 million, representing an increase of 22.9%, as compared to HK\$356.1 million in 1H2019. The slight decrease in the net profit margin to 51.3% for 1H2020 from 56.0% for 1H2019 was primarily due to (i) increased finance costs; and (ii) increased income tax expense.

### Finance Resources and Liquidity

In 1H2020, the Group's total assets amounted to HK\$14,836.2 million, representing a decrease by 0.9% and net assets amounted to HK\$9,823.4 million, decreasing by 3.6% as at 31 December 2019. Current ratio of the Group as at 30 June 2020 was 1.4, as compared to 1.6 as at 31 December 2019 as the increase in trade and other receivables was offset by the decrease in cash and cash equivalents, and the increase in (i) bank borrowings; and (ii) the amount due to immediate holding company.

The Group's net debt gearing ratio (bank borrowings minus cash and cash equivalents divided by total equity) as at 30 June 2020 was 7.7% (31 December 2019: 3.2%), representing an increase of 140.6%. The increase was mainly due to (i) the slight increase in bank borrowings; and (ii) the decrease in cash and cash equivalents.

## Management's Discussion and Analysis

As at 30 June 2020, the Group's financial position remained healthy, with the cash and cash equivalents balance at HK\$1,355.4 million. During 1H2020, net cash generated from operating activities was HK\$204.3 million (1H2019: HK\$213.3 million), which was primarily attributable to the profit before income tax of HK\$523.1 million and partially offset by an increase in trade and other receivables. Net cash used in investing activities amounted to HK\$54.5 million (1H2019: HK\$2,077.3 million), which was primarily attributable to the settlement of outstanding capital expenditure for solar farm projects which had previously completed construction and the acquisition of 2020 Portfolio during the period. Net cash used in financing activities amounted to HK\$422.4 million (1H2019: net cash generated from financing activities, HK\$3,357.7 million) which was primarily attributable to the new bank borrowings at HK\$345.0 million, partially offset by (i) repayments of the bank borrowings; and (ii) dividends paid to the Company's shareholders during the period.

### Use of Net Proceeds from the Global Offering

The Company completed the Global Offering by offering 2,007,738,471 new Shares representing 29.7% of the number of shares in issue immediately after completion of the Global Offering. The amount of gross proceeds raised from the Global Offering was HK\$3,895.0 million. The expenses incurred by the Group for the Global Offering amounted to HK\$132.7 million, of which HK\$45.9 million was charged to profit or loss and the HK\$86.8 million was debited to the equity of the Group.

As disclosed in the announcement of the Company regarding the change in the use of the net proceeds from the Global Offering dated 20 August 2020 (the "**Announcement**"), the actual amount of the net proceeds received by the Company from the Global Offering was HK\$3,762.3 million, and the Group has used HK\$2,041.6 million for the payment of 50% of the acquisition of 2019 Portfolio and HK\$386.0 million for the general working capital and loan refinancing of the Group. The balance of the unutilised net proceeds was HK\$1,334.7 million as of 30 June 2020. The Board has been looking for various investment options including money-market instruments and investment-grade bond products that could provide reasonable investment returns with acceptable risk level. Due to the spread of the COVID-19, the global financial markets have experienced significant fluctuations. The global lockdown has led to economic recession in a number of the leading economies worldwide. The interest rates have also remained at low levels primarily due to the economic stimulus policies implemented by



## Management's Discussion and Analysis

the governments. As the overall macroeconomic and investment environments are not that favourable, the Directors believe that investing in the money-market instruments and investment-grade bond products may not generate reasonable amount of investment returns for the Group.

In light of the foregoing, the Directors intend to and may deploy up to the full amount of the unutilised net proceeds for acquisitions of solar farm projects in the PRC, including the acquisition of solar farm projects under the Solar Farm (Group 1) Agreement (as defined in the announcement of the Company dated 16 March 2020). Following the implementation of the 2019 Grid Parity Notice (as defined in the prospectus of the Company dated 15 May 2019 (the "**Prospectus**")), further information on which is set forth in the Prospectus, there has been an increasing number of grid-parity solar farm projects which have completed construction and being made available for sale. The Directors believe that these grid-parity solar farm projects could generate constant cash inflows from the generation of electricity. Besides, there has also been a decreasing trend in the valuation and the purchase price of these grid-parity solar farm projects generally.

The Directors expect that the above change in the use of the unutilised net proceeds would increase the efficiency as well as the rate of investment returns generated from the financial resources available to the Group and would be in the interest of the Group and the shareholders of the Company as a whole. As of the date of this report, save for the Solar Farm Agreement and the Solar Farm (Group 1) Agreement, the Group had not entered into any legally binding agreement in respect of any of such acquisition, and the Group will fully comply with the applicable disclosure and/or shareholders' approval requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") should any acquisition is expected to proceed which constitutes a notifiable transaction (as such term is defined under the Listing Rules) for the Company. Further updated information on the latest use of the unutilised net proceeds will also be disclosed in the forthcoming annual report of the Company.

The Directors confirm that there is no material change in the nature of business of the Group and that the change in the use of the unutilised net proceeds would have no material adverse impact on the business of the Group.

# Management's Discussion and Analysis

## Capital Expenditures and Commitments

In 1H2020, the Group incurred capital expenditures of HK\$72.8 million which was mainly used in further refinement of the existing solar farm projects. As at 30 June 2020, the Group did not have other capital commitments (2019: Nil).

## Pledge of Assets

The Group did not has any pledged asset as security for bank borrowings as of 30 June 2020.

## Contingent Liabilities

As at 30 June 2020, the Group did not have any significant contingent liabilities.

## Material Acquisitions and Disposal of Subsidiaries

In 1H2020, save as disclosed in this report, there was no material acquisition and disposal of subsidiaries.

## Treasury Policies and Exposure to Fluctuation in Exchange Rates

The Group's solar farm projects are in the PRC with most of the transactions denominated and settled in RMB. The financial performance and assets value could be affected by the exchange rate fluctuation between RMB and HK\$. The Group may use financial instruments for hedging purposes when faced material difficulties and liquidity problems resulting from currency exchange fluctuation.

All of the revenue generated from the solar farm projects are denominated in RMB and the bank borrowings are denominated in HK\$. There is a currency mismatch between bank borrowings with the source of revenue. The Directors believe that the risk of currency mismatch may be minimized by the lower bank borrowing rates of HK\$, as compared to the RMB. As at 30 June 2020, all bank borrowings were denominated in HK\$.

## Management's Discussion and Analysis

During 1H2020, the Group has not experienced any material difficulties and liquidity problems resulting from the fluctuations of currency exchange. However, the Group may use financial instruments for hedging purposes as and when required. In 1H2020, the Group did not use any financial instrument for hedging purpose.

### Employees and Remuneration Policy

The Group have highly valued the human resources continuously share the reciprocal benefits and shared growth with the employees. The Group consistently explore the potential and ability of the employees. On the other hand, the Group will continue to attract additional employees as and when appropriate the business development.

As at 30 June 2020, the Group had 225 full-time employees in total in Hong Kong and the PRC. Total staff costs, including Directors' emoluments was HK\$16.9 million during 1H2020. The employees are remunerated based on their qualifications, job nature, performance and working experiences plus reference to the prevailing market rate. Apart from the basic remuneration and discretionary bonus, the Group also provide statutory social welfare contribution to employees in PRC and provident fund scheme to employees in Hong Kong, respectively, under the laws and regulations.

# Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2020

<b>Six months ended 30 June</b>			
	Note	<b>2020</b> <i>HK\$'000</i> <i>(Unaudited)</i>	2019 <i>HK\$'000</i> <i>(Unaudited)</i>
<b>Revenue</b>	3	<b>853,148</b>	636,400
Cost of sales		<b>(233,429)</b>	(159,080)
<b>Gross profit</b>		<b>619,719</b>	477,320
Other income	3	<b>5,735</b>	2,099
Other (losses)/gains, net	4	<b>(22)</b>	331
Administrative expenses		<b>(18,772)</b>	(27,113)
<b>Operating profit</b>	5	<b>606,660</b>	452,637
Finance income	6	<b>18,410</b>	5,223
Finance costs	6	<b>(101,932)</b>	(47,272)
<b>Profit before income tax</b>		<b>523,138</b>	410,588
Income tax expense	7	<b>(85,558)</b>	(54,475)
<b>Profit for the period attributable to equity holders of the Company</b>		<b>437,580</b>	356,113
<b>Basic and diluted earnings per Share (Expressed in HK cents per Share)</b>	8	<b>6.48</b>	7.01

The above interim condensed consolidated income statement should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Profit for the period</b>	<b>437,580</b>	356,113
<b>Other comprehensive (loss)/income, net of tax:</b>		
Items that may be reclassified to profit or loss		
– Currency translation differences	<u>(234,008)</u>	<u>1,947</u>
<b>Total comprehensive income for the period attributable to equity holders of the Company</b>	<b><u>203,572</u></b>	<b><u>358,060</u></b>

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Balance Sheet

As at 30 June 2020

		As at	
		30 June 2020	31 December 2019
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	9,212,590	9,495,521
Right-of-use assets		427,253	439,016
Prepayments for property, plant and equipment	12	6,858	10,268
Deferred income tax assets		8,732	7,634
Goodwill		330,396	330,303
<b>Total non-current assets</b>		<b>9,985,829</b>	10,282,742
<b>Current assets</b>			
Trade and other receivables and prepayments	12	3,494,168	3,052,167
Amounts due from fellow subsidiaries	16	767	267
Cash and cash equivalents		1,355,413	1,631,244
<b>Total current assets</b>		<b>4,850,348</b>	4,683,678
<b>Total assets</b>		<b>14,836,177</b>	14,966,420
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	13	67,525	67,525
Other reserves		6,416,873	7,224,779
Retained earnings		3,339,015	2,901,435
<b>Total equity</b>		<b>9,823,413</b>	10,193,739

## Interim Condensed Consolidated Balance Sheet

As at 30 June 2020

		As at	
		30 June 2020	31 December 2019
Note		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings	15	983,686	1,225,580
Lease liabilities		424,970	426,527
Other payables	14	29,290	30,446
Deferred income tax liabilities		208,187	214,047
<b>Total non-current liabilities</b>		<b>1,646,133</b>	1,896,600
<b>Current liabilities</b>			
Bank borrowings	15	1,128,927	727,388
Lease liabilities		18,642	15,140
Accruals and other payables	14	390,650	387,622
Amount due to immediate holding company	16	1,773,404	1,717,870
Current income tax liabilities		55,008	28,061
<b>Total current liabilities</b>		<b>3,366,631</b>	2,876,081
<b>Total liabilities</b>		<b>5,012,764</b>	4,772,681
<b>Total equity and liabilities</b>		<b>14,836,177</b>	14,966,420

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

## Attributable to equity holders of the Company

	Share capital (Note 13) HK\$'000 (Unaudited)	Other reserves HK\$'000 (Unaudited)	Retained earnings HK\$'000 (Unaudited)	Total equity HK\$'000 (Unaudited)
<b>Balance at 1 January 2020</b>	67,525	7,224,779	2,901,435	10,193,739
<b>Comprehensive income</b>				
Profit for the period	—	—	437,580	437,580
<b>Other comprehensive income</b>				
Currency translation differences	—	(234,008)	—	(234,008)
<b>Total comprehensive income for the period</b>	—	(234,008)	437,580	203,572
<b>Transactions with the owner of the Company</b>				
Employees' share option scheme:				
– value of employee service	—	63	—	63
2019 final dividend (Note 9)	—	(573,961)	—	(573,961)
<b>Balance at 30 June 2020</b>	<u>67,525</u>	<u>6,416,873</u>	<u>3,339,015</u>	<u>9,823,413</u>



# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to equity holders of the Company			
	Share capital (Note 13) HK\$'000 (Unaudited)	Other reserves HK\$'000 (Unaudited)	Retained earnings HK\$'000 (Unaudited)	Total equity HK\$'000 (Unaudited)
<b>Balance at 31 December 2018</b>				
<b>as originally presented</b>	54	4,247,676	2,157,971	6,405,701
Changes in accounting policy	—	1,815	(25,806)	(23,991)
<b>Restated total equity at the beginning of the financial period</b>	54	4,249,491	2,132,165	6,381,710
<b>Comprehensive income</b>				
Profit for the period	—	—	356,113	356,113
<b>Other comprehensive income</b>				
Currency translation differences	—	1,947	—	1,947
<b>Total comprehensive income for the period</b>	—	1,947	356,113	358,060
<b>Transactions with the owner of the Company</b>				
Issuance of ordinary shares upon				
– initial public offerings	18,826	3,633,436	—	3,652,262
– over-allotment	1,252	241,498	—	242,750
– capitalisation issue	47,393	(47,393)	—	—
Listing expenses charged to share premium	—	(86,865)	—	(86,865)
2018 final dividend (Note 9)	—	(315,949)	—	(315,949)
<b>Balance at 30 June 2019</b>	<u>67,525</u>	<u>7,676,165</u>	<u>2,488,278</u>	<u>10,231,968</u>

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

			<b>Six months ended 30 June</b>	
			<b>2020</b>	2019
Note			<b>HK\$'000</b>	HK\$'000
			<b>(Unaudited)</b>	<i>(Unaudited)</i>
<b>Cash flows from operating activities</b>				
Cash generated from operations			<b>299,941</b>	285,788
Interest paid			<b>(33,805)</b>	(41,862)
Income tax paid			<b>(61,829)</b>	(30,656)
Net cash generated from operating activities			<b>204,307</b>	213,270
<b>Cash flows from investing activities</b>				
Purchases of and prepayments for purchase of property, plant and equipment			<b>(72,836)</b>	(66,775)
Payment for acquisition of subsidiary, net of cash acquired			<b>(64)</b>	(2,015,754)
Interest received			<b>18,410</b>	5,223
Net cash used in investing activities			<b>(54,490)</b>	(2,077,306)

## Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares		
– initial public offerings	—	3,652,262
– over-allotment	—	242,750
Payments for professional fee in connection with the listing of the Company	—	(69,426)
Proceeds from bank borrowings	<b>345,000</b>	353,250
Repayments of bank borrowings	<b>(185,355)</b>	(506,143)
Principal elements of lease payments	<b>(8,102)</b>	(3,074)
Dividend paid to Company's shareholders	<b>(573,961)</b>	(315,949)
Net cash (used in)/generated from financing activities	<b>(422,418)</b>	3,353,670
<b>Net (decrease)/increase in cash and cash equivalents</b>		
	<b>(272,601)</b>	1,489,634
Cash and cash equivalents at beginning of the period	<b>1,631,244</b>	421,263
Effect of foreign exchange rate changes	<b>(3,230)</b>	650
<b>Cash and cash equivalents at end of the period</b>	<b>1,355,413</b>	1,911,547

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Interim Condensed Consolidated Financial Information

## 1 GENERAL INFORMATION

Xinyi Energy Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) are principally engaged in the management and operations of solar farms in the People’s Republic of China (the “**PRC**”) (the “**Solar Farm Business**”).

This interim condensed consolidated financial information is presented in thousands of Hong Kong dollars (HK\$’000) , unless otherwise stated. This interim condensed consolidated financial information was approved for issue by the Board of Directors on 3 August 2020.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES AND FAIR VALUE ESTIMATION

### 2.1 Basis of preparation and accounting policies

This interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Hong Kong Accounting Standards (“**HKAS**”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This interim condensed consolidated financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

# Notes to the Interim Condensed Consolidated Financial Information

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES AND FAIR VALUE ESTIMATION (Continued)

### 2.1 Basis of preparation and accounting policies (Continued)

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2019, as described in those annual financial statements. Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual earnings.

#### (a) New standard, amendments to standards and framework adopted by the Group

The following new standard or amendments to standards are effective for accounting periods beginning on or after 1 January 2020. The adoption of which does not have a material impact on the results and financial position for the current or prior periods of the Group.

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKFRS 3 (Amendments)	Definition of a Business
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting

## Notes to the Interim Condensed Consolidated Financial Information

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES AND FAIR VALUE ESTIMATION (Continued)

#### 2.1 Basis of preparation and accounting policies (Continued)

##### (b) New standards and amendments to standards issued but not yet effective for the accounting period beginning on 1 January 2020 and not early adopted by the Group

		Effective for accounting periods beginning on or after
HKFRS 16 (Amendments)	Covid-19-related Rent Concessions	1 June 2020
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2022
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
Annual Improvements to HKFRS Standards 2018–2020 Cycle		1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment on the impact of these new standards and amendments to standards and preliminary results showed that their application are not expected to have material impact on the financial performance and the financial position of the Group.

## Notes to the Interim Condensed Consolidated Financial Information

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES AND FAIR VALUE ESTIMATION (Continued)

#### 2.2 Fair value estimation

Fair value measurement by level of hierarchy is not disclosed as the Group has no financial instruments measured on such basis in the consolidated balance sheets as at 31 December 2019 and 30 June 2020. The carrying value of receivables and payables are a reasonable approximation of their fair values.

### 3 REVENUE, OTHER INCOME AND SEGMENT INFORMATION

Revenue and other income recognised during the periods are as follows:

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Revenue</b>		
Recognised at a point in time:		
– Sales of electricity	<b>334,919</b>	244,247
– Tariff adjustment	<b>514,120</b>	391,340
Recognised over time:		
– Solar farm operation and management services	<b>4,109</b>	813
	<b>853,148</b>	636,400
<b>Other income</b>		
Government grants ( <i>Note</i> )	<b>4,224</b>	23
Others	<b>1,511</b>	2,076
	<b>5,735</b>	2,099

*Note:*

Government grants mainly represent grants received from the PRC government in subsidising the Group's general operations.

## Notes to the Interim Condensed Consolidated Financial Information

### 3 REVENUE, OTHER INCOME AND SEGMENT INFORMATION (Continued)

#### Segment information

The Group is mainly engaged in the management and operation of solar farms in the PRC. Information reported to the Group's management for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available.

No segment of assets and liabilities are presented as no discrete financial information is available.

All of the non-current assets of the Group are located in the PRC and with country of domicile being the PRC.

### 4 OTHER (LOSSES)/GAINS, NET

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Foreign exchange (losses)/gains, net	<u>(22)</u>	<u>331</u>



## Notes to the Interim Condensed Consolidated Financial Information

### 5 OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Depreciation charge of property, plant and equipment ( <i>Note 11</i> )	<b>196,302</b>	139,560
Depreciation charge of right-of-use assets	<b>8,833</b>	6,741
Employee benefit expenses (including directors' emoluments)	<b>16,933</b>	15,661
Electricity	<b>6,559</b>	4,296
Auditor's remuneration – Non-audit services	—	499
Listing expenses	—	14,726
Insurance expenses	<b>2,599</b>	1,570

### 6 FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Finance income		
Interest income from bank deposits	<b>18,410</b>	5,223
Finance costs		
Interest on lease liabilities	<b>13,859</b>	10,157
Interest expense on bank borrowings	<b>32,539</b>	37,115
Interest expense on deferred payment of business combination purchase consideration	<b>55,534</b>	—
	<b>101,932</b>	47,272

# Notes to the Interim Condensed Consolidated Financial Information

## 7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current income tax	88,776	55,799
Deferred income tax	(3,218)	(1,324)
	<u>85,558</u>	<u>54,475</u>

Notes:

- (a) The Company was incorporated in the British Virgin Islands and is exempted from payment of the British Virgin Islands income tax.
- (b) No provision for Hong Kong profits tax has been made for the period as the Group did not generate any assessable profits arising in Hong Kong during the period.
- (c) Provision made for PRC corporate income tax ("CIT") amounted to HK\$88,776,000 and HK\$55,799,000 for 1H2020 and 1H2019, respectively. The statutory income tax rate applicable to the PRC subsidiaries of the Group is 25% (2019: 25%). Pursuant to the relevant tax regulations in the PRC, the PRC subsidiaries, except for Xinyi Energy Technology (Wuhu) Limited ("Xinyi Technology (Wuhu)"), are eligible for an exemption from the PRC CIT for three years starting with the first revenue-generating year, after offsetting prior year losses, followed by a 50% reduction for three immediate subsequent years. However, the government grants, insurance claim received and interest income are subject to the CIT with the statutory income tax rate of 25%. Xinyi Technology (Wuhu) is subject to the CIT with the statutory income tax rate of 25%.

## Notes to the Interim Condensed Consolidated Financial Information

### 8 EARNINGS PER SHARE

#### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the periods.

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit attributable to equity holders of the Company (HK\$'000)	<b>437,580</b>	356,113
Weighted average number of ordinary shares in issue (thousands)	<b>6,752,478</b>	5,083,597
Basic earnings per share (HK cents)	<b><u>6.48</u></b>	<u>7.01</u>

#### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume exercise of all dilutive potential ordinary shares. In 1H2020, the Company has share option of dilutive potential ordinary shares. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares for the period) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Hence, the share options have a dilutive effect only when the average market price of ordinary shares for the period exceeds the exercise price of the share options. The computation of diluted earnings per share for 1H2020 did not assume the exercise of the Company's outstanding share options since the exercise price of the share options exceeds the average market price.

## Notes to the Interim Condensed Consolidated Financial Information

### 9 DIVIDENDS

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Final dividend for 2019 of 8.5 HK cents (2018: HK\$58.27) per Share	573,961	315,949
Proposed interim dividend of 6.0 HK cents (2019: 5.0 HK cents) per share	405,149	337,624

At a meeting of the Board held on 3 August 2020, the Directors resolved to declare an interim dividend of 6.0 HK cents per share for the six months ended 30 June 2020. This interim dividend, amounting to HK\$405,149,000, is based on 6,752,478,471 issued shares as at 30 June 2020 and has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year ending 31 December 2020.

### 10 BUSINESS COMBINATION

To build up a more diversified solar farm investment portfolio, the Group acquired Wuwei Rihao Renewable Energy Limited for its solar farm project in the PRC from an independent third party at a gross agreed purchase price of HK\$109,000 during six months ended 30 June 2020.

The table below summarised the details of the solar farm project acquired.

Name of the company	Solar power plant acquired			
	Equity interest acquired	Location	Number of plant	Approved capacity (MW)
Wuwei Rihao Renewable Energy Limited	100%	Anhui	1	20

## Notes to the Interim Condensed Consolidated Financial Information

### 10 BUSINESS COMBINATION (Continued)

The above business combination is immaterial to the Group. Details of the financial information as at acquisition date is presented as follows:

	<i>HK\$'000</i>
	<i>(Unaudited)</i>
Purchases consideration	
Fair value of cash consideration	109
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment ( <i>Note 11</i> )	65,167
Right-of-use assets	4,347
Trade and other receivables and prepayments ( <i>Note (c)</i> )	7,133
Cash and cash equivalents	45
Deferred income tax assets	74
Accruals and other payables	(72,036)
Lease liabilities	(4,714)
Total identifiable net assets	16
Goodwill ( <i>Note (d)</i> )	93
	109
Net cash outflow arising from the acquisitions	
Cash consideration	109
Less: Cash and cash equivalents acquired	(45)
	64
Net cash outflow represents	
Payment upon completion of acquisition ( <i>Note (a)</i> )	109

# Notes to the Interim Condensed Consolidated Financial Information

## 10 BUSINESS COMBINATION (Continued)

Notes:

- (a) Payment upon completion of acquisition

Payment represents 100% of the gross agreed purchase price of HK\$109,000.

- (b) Revenue and profit contribution

The table below illustrates the revenue and the profit included in the interim condensed consolidated income statement since acquisition date contributed by the acquisition.

	<i>HK\$'000</i> <i>(Unaudited)</i>
Revenue	2,847
Profit contributed to the Group	<u>2,090</u>

If the acquisition had occurred on 1 January 2020, the interim condensed consolidated income statement would show pro-forma revenue of approximately HK\$855,252,000 and pro-forma profit of HK\$439,430,000.

- (c) Acquired receivables

The fair value of trade and other receivables and prepayments acquired was HK\$7,133,000 and included trade and tariff adjustment receivables with fair value as below:

	<i>HK\$'000</i> <i>(Unaudited)</i>
Trade and tariff adjustment receivables	<u>555</u>

The gross contractual amount of these trade receivables due in aggregate was approximately HK\$555,000.

- (d) Goodwill

The Group recognised goodwill of approximately HK\$93,000 in the interim condensed consolidated balance sheet in connection with the acquisition. The goodwill from the acquisition was calculated based on the total consideration less the fair value of total identifiable net assets acquired. As a result of the acquisition, the Group benefits through the synergies expected to arise after the acquisition because of the close proximity of this project to other solar farms currently operated by the Group. The goodwill will not be deductible for tax purposes.

# Notes to the Interim Condensed Consolidated Financial Information

## 11 PROPERTY, PLANT AND EQUIPMENT

	Solar farms HK\$'000	Buildings HK\$'000	Motor vehicles, furniture and fixtures, equipment and others HK\$'000	Total HK\$'000
<b>Period ended 30 June 2020 (Unaudited)</b>				
Opening net book amount	9,317,342	169,809	8,370	9,495,521
Additions	16,766	—	203	16,969
Acquisition of a subsidiary (Note 10)	65,167	—	—	65,167
Write-off	—	—	(370)	(370)
Depreciation charge	(192,435)	(3,317)	(550)	(196,302)
Currency translation differences	(165,232)	(3,016)	(147)	(168,395)
Closing net book amount	<u>9,041,608</u>	<u>163,476</u>	<u>7,506</u>	<u>9,212,590</u>
<b>At 30 June 2020 (Unaudited)</b>				
Cost	10,283,538	187,665	10,263	10,481,466
Accumulated depreciation	<u>(1,241,930)</u>	<u>(24,189)</u>	<u>(2,757)</u>	<u>(1,268,876)</u>
Net book amount	<u>9,041,608</u>	<u>163,476</u>	<u>7,506</u>	<u>9,212,590</u>

## Notes to the Interim Condensed Consolidated Financial Information

### 12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at	
	<b>30 June 2020</b>	31 December 2019
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	<i>(Audited)</i>
Trade receivables <i>(Note (a))</i>	<b>3,121,235</b>	2,582,554
Bills receivables <i>(Note (a))</i>	<b>10,287</b>	9,905
Trade and bills receivables	<b>3,131,522</b>	2,592,459
Deposits and other receivables <i>(Note (c))</i>	<b>13,623</b>	4,937
Other tax receivables <i>(Note (d))</i>	<b>346,677</b>	453,610
Prepayments for property, plant and equipment	<b>6,858</b>	10,268
Other prepayments	<b>2,346</b>	1,161
	<b>3,501,026</b>	3,062,435
Less: Non-current portion		
Prepayments for property, plant and equipment	<b>(6,858)</b>	(10,268)
Current portion	<b>3,494,168</b>	3,052,167



## Notes to the Interim Condensed Consolidated Financial Information

### 12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

#### (a) Trade and bills receivables

Trade receivables comprise receivables from sales of electricity and tariff adjustment receivables. The category analysis of trade receivables was set out below:

	As at	
	<b>30 June 2020 HK\$'000 (Unaudited)</b>	31 December 2019 HK\$'000 (Audited)
Receivables from sales of electricity	<b>64,553</b>	60,143
Tariff adjustment receivables	<b>3,056,682</b>	2,522,411
	<b><u>3,121,235</u></b>	<b><u>2,582,554</u></b>

Receivables from sales of electricity were usually settled on a monthly basis by the state grid companies. Tariff adjustment receivables represent government subsidies on renewable energy to be received from the state grid companies in accordance with prevailing government policies.

The ageing analysis of trade receivables is as follows:

	As at	
	<b>30 June 2020 HK\$'000 (Unaudited)</b>	31 December 2019 HK\$'000 (Audited)
0 to 90 days	<b>418,278</b>	308,102
91 days to 180 days	<b>225,590</b>	402,183
181 days to 365 days	<b>648,018</b>	572,959
Over 365 days	<b>1,829,349</b>	1,299,310
	<b><u>3,121,235</u></b>	<b><u>2,582,554</u></b>

## Notes to the Interim Condensed Consolidated Financial Information

### 12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

#### (a) Trade and bills receivables (Continued)

The maturity of the bills receivables is within one year.

The carrying amounts of the Group's trade and bills receivables are denominated in RMB.

#### (b) Loss allowance of trade receivables

Given the track record of regular repayment of receivables from sales of electricity and the collection of tariff adjustment receivables is well supported by the government policy, all trade receivables were expected to be recoverable. For tariff adjustment receivables, they are settled in accordance with prevailing government policies and prevalent payment trends of the Ministry of Finance.

The Ministry of Finance does not set out a rigid timetable for the settlement of tariff adjustment receivables. The actual period of settlement may differ from the expected period of recovery.

#### (c) Deposits and other receivables

Deposits and other receivables are all expected to be recoverable and therefore no provision was made. The ageing of deposits and other receivables was within one year.

The carrying amounts of the Group's deposits and other receivables are denominated in RMB.

## Notes to the Interim Condensed Consolidated Financial Information

### 12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

#### (d) Other tax receivables

Other tax receivables mainly represent value added tax (“VAT”) recoverable, which is creditable input VAT on purchase of property, plant and equipment (including construction in progress). They will be offset against output VAT on sales of solar electricity and tariff adjustment. The balance is denominated in RMB.

(e) The carrying amounts of trade and other receivables approximate their fair values.

(f) The other classes within trade and other receivables do not contain impaired assets.

### 13 SHARE CAPITAL

	Number of Ordinary shares	Ordinary shares of HK\$0.01 each <i>HK\$</i>	Total <i>HK\$'000</i>
Authorised:			
At 1 January and 30 June 2020	<u>800,000,000,000</u>	<u>8,000,000,000</u>	<u>8,000,000</u>
Issued and fully paid: <i>(Unaudited)</i>			
At 1 January and 30 June 2020	<u>6,752,478,471</u>	<u>67,524,785</u>	<u>67,525</u>

## Notes to the Interim Condensed Consolidated Financial Information

### 14 ACCRUALS AND OTHER PAYABLES

	As at	
	30 June 2020 <i>HK\$'000</i> <i>(Unaudited)</i>	31 December 2019 <i>HK\$'000</i> <i>(Audited)</i>
Payables for property, plant and equipment	<b>411,083</b>	404,131
Accrued listing expenses	<b>1,516</b>	1,516
Others	<b>7,341</b>	12,421
	<b>419,940</b>	418,068
Less: Non-current portion		
Retention payables for property, plant and equipment	<b>(29,290)</b>	(30,446)
Current portion	<b>390,650</b>	387,622

The carrying amounts of accruals and other payables approximate their fair values.

## Notes to the Interim Condensed Consolidated Financial Information

### 15 BANK BORROWINGS

The bank borrowings are unsecured and repayable as follows:

	As at	
	<b>30 June 2020</b>	31 December 2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Within 1 year	<b>1,128,927</b>	727,388
Between 1 and 2 years	<b>792,833</b>	1,009,580
Between 2 and 5 years	<b>190,853</b>	216,000
	<b>2,112,613</b>	1,952,968
Less: Non-current portion	<b>(983,686)</b>	(1,225,580)
Current portion	<b>1,128,927</b>	727,388

As at 30 June 2020, all bank borrowings bore floating interest rates. These bank borrowings are repayable by instalments up to 2023 (2019: 2022). The carrying amounts of the Group's bank borrowings are denominated in HK\$ and approximate their fair values as at 30 June 2020, as the impact of discounting is not significant.

The effective interest rate per annum at reporting date were as follows:

	As at	
	<b>30 June 2020</b>	31 December 2019
	<i>(Unaudited)</i>	<i>(Audited)</i>
Bank borrowings	<b>1.85%</b>	4.15%

The bank borrowings were secured by corporate guarantee provided by the Company and its subsidiaries.

# Notes to the Interim Condensed Consolidated Financial Information

## 16 RELATED PARTY TRANSACTIONS

### (a) Name and relationship with related parties

The directors of the Company are of the view that the following companies that had transactions or balances with the Group are related parties:

Name of related parties	Relationship
Xinyi Solar Holdings Limited (" <b>Xinyi Solar</b> ")	Ultimate holding company
Xinyi Solar (Hong Kong) Limited (" <b>Xinyi Solar (HK)</b> ")	Fellow subsidiary
Xinyi Power (BVI) Limited (" <b>Xinyi Power (BVI)</b> ")	Immediate holding company
Chaohu Jindao Photovoltaic Power Generation Company Limited (" <b>Chaohu Jindao</b> ")	Fellow subsidiary
Taonan Runhe Risheng Photovoltaic Agricultural Development Company Limited (" <b>Taonan Runhe</b> ")	Fellow subsidiary
Xinyi Solar (Bozhou) Limited (" <b>Xinyi Solar (Bozhou)</b> ")	Fellow subsidiary
Xinyi Solar (Jinzhai) Limited (" <b>Xinyi Solar (Jinzhai)</b> ")	Fellow subsidiary
Xinyi Renewable Energy (Huaibei) Limited (" <b>Xinyi Renewable Energy (Huaibei)</b> ")	Fellow subsidiary
Guangdong Shenke Renewable Energy Limited (" <b>Guangdong Shenke</b> ")	Fellow subsidiary
Xinyi Solar (Wangjiang) Limited (" <b>Xinyi Solar (Wangjiang)</b> ")	Fellow subsidiary
Xinyi Solar (Haikou) Limited (" <b>Xinyi Solar (Haikou)</b> ")	Fellow subsidiary
Huainan Xinyi Renewable Energy Limited (" <b>Huainan Xinyi Renewable Energy</b> ")	Fellow subsidiary
Xinyi Glass Holdings Limited (" <b>Xinyi Glass</b> ")	Note (i)
Cheer Wise Investment Limited (" <b>Cheer Wise</b> ")	Note (ii)
Xinyi Energy Smart (Wuhu) Company Limited (" <b>Xinyi Energy Smart</b> ")	Note (ii)

Notes:

- (i) A shareholder of Xinyi Solar
- (ii) Companies under control of Xinyi Glass, a major shareholder of Xinyi Solar.

## Notes to the Interim Condensed Consolidated Financial Information

### 16 RELATED PARTY TRANSACTIONS (Continued)

#### (b) Related party transactions

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the periods.

<b>Six months ended 30 June</b>		
Note	<b>2020</b> <i>HK\$'000</i> <i>(Unaudited)</i>	2019 <i>HK\$'000</i> <i>(Unaudited)</i>

#### **Discontinued transactions**

Employee benefits paid by the ultimate holding company

– Xinyi Solar (i)           —                     23          

Employee benefits paid by a fellow subsidiary

– Xinyi Solar (HK) (ii)           —                     1,690          

#### **One-off transaction**

Acquisition of subsidiaries from immediate holding company

– Xinyi Power (BVI) (iii)           —                     4,083,256

## Notes to the Interim Condensed Consolidated Financial Information

### 16 RELATED PARTY TRANSACTIONS (Continued)

#### (b) Related party transactions (Continued)

<b>Six months ended 30 June</b>		
Note	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Continuing transactions</b>		
Solar farm operation and management services fee receivable from fellow subsidiaries	(iv)	
– Chaohu Jindao	<b>106</b>	24
– Taonan Runhe	<b>476</b>	95
– Xinyi Solar (Bozhou)	<b>324</b>	72
– Xinyi Solar (Jinzhai)	<b>713</b>	123
– Xinyi Renewable Energy (Huaibei)	<b>780</b>	139
– Guangdong Shenke	<b>368</b>	57
– Xinyi Solar (Wangjiang)	<b>671</b>	138
– Xinyi Solar (Haikou)	<b>496</b>	80
– Huainan Xinyi Renewable Energy	<b>280</b>	85
	<b>4,214</b>	813



# Notes to the Interim Condensed Consolidated Financial Information

## 16 RELATED PARTY TRANSACTIONS (Continued)

### (b) Related party transactions (Continued)

*Notes:*

- (i) Employee benefit expenses incurred by Xinyi Solar on behalf of the Solar Farm Business represent fees of a director, which are calculated based on the estimated time spent by the director on the Solar Farm Business for the period. These employee benefit expenses were excluded from the interim condensed consolidated financial information.
- (ii) Employee benefit expenses incurred by Xinyi Solar (HK) on behalf of the Solar Farm Business include compensation for a director and certain senior management, which are calculated based on the estimated time spent by the employees on the Solar Farm Business for the period. These employee benefit expenses were excluded from the interim condensed consolidated financial information.
- (iii) The acquisition of subsidiaries was transacted at mutually agreed prices and terms. Details of the acquisition were disclosed in the Company's announcement dated 3 June 2019.
- (iv) The transactions were conducted at mutually agreed prices and terms.

## Notes to the Interim Condensed Consolidated Financial Information

### 16 RELATED PARTY TRANSACTIONS (Continued)

#### (c) Balances with related parties

	As at	
	30 June 2020 <i>HK\$'000</i> <i>(Unaudited)</i>	31 December 2019 <i>HK\$'000</i> <i>(Audited)</i>
<b>Due from fellow subsidiaries:</b>		
– Chaohu Jindao	25	8
– Taonan Runhe	20	32
– Xinyi Solar (Bozhou)	45	24
– Xinyi Solar (Jinzhai)	155	25
– Xinyi Renewable Energy (Huaibei)	122	15
– Guangdong Shenke	78	19
– Xinyi Solar (Wangjiang)	145	23
– Xinyi Solar (Haikou)	14	25
– Huainan Xinyi Renewable Energy	163	96
	<u>767</u>	<u>267</u>
<b>Due to immediate holding company:</b>		
– Xinyi Power (BVI)	<u>1,773,404</u>	<u>1,717,870</u>

The amounts due from fellow subsidiaries are unsecured, interest free and repayable on demand. The amounts approximate their fair values and are denominated in RMB.

The amount due to immediate holding company represents present value amount of the remaining 50% consideration of the acquisition of 2019 Portfolio estimated payment at the effective interest rate of 6.38%. The amount is unsecured, non-interest bearing and payable on the 28 May 2023, or upon the receipt of the payment from the PRC Government of the tariff adjustments of the solar power plants acquired, whichever is earlier. The amount approximates its fair value and is denominated in HK\$.

## Notes to the Interim Condensed Consolidated Financial Information

### 16 RELATED PARTY TRANSACTIONS (Continued)

#### (d) Leases

		As at	
		30 June 2020	31 December 2019
Note		<i>HK\$'000</i> <i>(Unaudited)</i>	<i>HK\$'000</i> <i>(Audited)</i>
Interest expense on lease liabilities			
in relation to office area			
recognised by the Group			
as a lessee to related parties:			
– Cheer Wise	(i)	<b>23</b>	10
– Xinyi Energy Smart	(ii)	<b>61</b>	23
		<b>84</b>	33

*Notes:*

- (i) Approximate 30 square meter ("**sq.m.**") office area in Hong Kong was provided by Cheer Wise for the Group's operations with rental mutually agreed.
- (ii) Approximate 600 sq.m. office area in Wuhu has been provided by Xinyi Energy Smart, a related company owned as to 100% by Xinyi Glass, for the Group's occupations with rental mutually agreed.

## Notes to the Interim Condensed Consolidated Financial Information

### 16 RELATED PARTY TRANSACTIONS (Continued)

#### (e) Key management compensation

Key management includes directors of the Company and certain senior management. The compensation paid or payable to key management for employee services is shown below:

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Basic salaries, bonus, other allowances and benefits	<b>1,881</b>	2,182
Retirement benefits - defined contribution scheme	<b>9</b>	9
	<b><u>1,890</u></b>	<u>2,191</u>

The compensation of certain senior management incurred by Xinyi Solar and Xinyi Solar (HK) on behalf of the Solar Farm Business is disclosed in Notes 16(b)(i) and (ii), respectively.

### 17 CONTINGENCIES

The Group did not have any significant contingent liabilities as at 30 June 2020 and 31 December 2019.

## Further Information on the Group

### INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to declare an interim dividend of 6.0 HK cents per Share for 1H2020 (1H2019: 5.0 HK cents), totaling HK\$405.1 million (1H2019: HK\$337.6 million), to be paid to all shareholders (the “**Shareholders**”) of the Company with their names recorded on the register of members of the Company at the close of business on Thursday, 20 August 2020. The interim dividend is expected to be payable on or about Wednesday, 16 September 2020. The Company’s register of members will be closed from Tuesday, 18 August 2020 to Thursday, 20 August 2020 (both days inclusive), and during such period no transfer of Shares will be registered. In order to qualify for the interim dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited, the Company’s branch share registrar in Hong Kong, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration by 4:30 p.m. on Monday, 17 August 2020.

The interim dividend is made out of the Distributable Income during the period under review. The interim dividend will be paid from the Group’s internal financial resources as well as the available banking facilities in Hong Kong.

### PURCHASE, SALES OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During 1H2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

### COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

As at the date of this report and to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Directors are not aware of any deviation from or any breach of the provisions in the Corporate Governance Code as set forth in Appendix 14 to The Rules Governing the Listing of Securities on Stock Exchange (the “**Listing Rules**”) during 1H2020.

## Further Information on the Group

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set forth in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by the Directors. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code during 1H2020.

### CHANGES IN INFORMATION OF DIRECTORS

Pursuant Rule 13.51B(1) of the Listing Rules, the changes in director’s information are as follow:

Dr. LEE Yin Yee, B.B.S. resigned as the non-executive Director, the chairman of the Board, the chairman of the nomination committee and a member of the remuneration committee of the Board with effect from 4 August 2020.

Mr. LEE Shing Put, B.B.S. appointed as an executive Director, the chairman of the Board, the chairman of the nomination committee and a member of the remuneration committee of the Board with effect from 4 August 2020.

Ms. LYU Fang was the Secretary General of Solar Photovoltaic Committee of China Renewable Energy Society until 13 April 2020.

## Further Information on the Group

### SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”) in November 2018. The following table sets forth movements in the share options of the Company for 1H2020:

	Grant date	Exercise price HK\$	Price of the Company's shares immediately before the grant date HK\$	Vesting period	Exercisable period	As at		Number of share options			As at
						1 January 2020	Granted	Exercised	Cancelled	Lapsed	30 June 2020
Executive director											
- Ms. CHENG Shu E	31/3/2020	2.18	2.08	31/3/2020- 31/12/2022	1/4/2023- 31/3/2024	-	450,000	-	-	-	450,000
Continuous contract employees	31/3/2020	2.18	2.08	31/3/2020- 31/12/2022	1/4/2023- 31/3/2024	-	1,452,500	-	-	(59,000)	1,393,500
Total						-	1,902,500	-	-	(59,000)	1,843,500

During 1H2020, 1,902,500 shares options were granted. The fair value of the equity-settled share options under the Share Option Scheme granted during 1H2020 was estimated at HK\$741,000. The fair value of the share options granted to Director and eligible employees of the Group were HK\$175,000 and HK\$566,000, respectively.

The value of the share options granted during 1H2020 is to be expensed through the income statement of the Company over the three-year vesting period of share options.

The fair value of share options granted during 1H2020 was determined in accordance with the valuation performed by an independent valuer using the Black-Scholes option pricing model. Such model is one of the commonly used models to estimate the fair value of an option. The significant variables and assumptions used in computing the fair value of the share options are set forth in the table below. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

Share price at the grant date (HK\$)	2.12
Exercise price (HK\$)	2.18
Volatility (%)	41.47
Dividend yield (%)	6.37
Expected share option life (years)	3.50
Annual risk-free interest rate (%)	0.60

## Further Information on the Group

### DIRECTOR'S AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2020, the interests and short positions of the Directors and chief executive of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

#### THE COMPANY AND ASSOCIATED CORPORATIONS

##### (i) Long positions in the Shares of the Company

Name of Director	Capacity	Name of the controlled corporations	Number of shares held	Approximate percentage of the Company's issued share capital
Dr. LEE Yin Yee, B.B.S.	Interest in a controlled corporation <sup>(1)</sup>	Realbest (as defined below)	82,901,405	1.227%
	Interest in a controlled corporation <sup>(1)</sup>	Charm Dazzle (as defined below)	457,957,500	6.782%
	Interest in a controlled corporation <sup>(2)</sup>	Full Guang (as defined below)	7,606,019	0.112%
	Joint interest <sup>(1)</sup>		3,575,733	0.053%
	Family interest <sup>(1)</sup>		4,337,354	0.064%
	Interest in persons acting in concert <sup>(3)</sup>		909,783,718	13.473%
Tan Sri Datuk TUNG Ching Sai <i>P.S.M, D.M.S.M</i>	Interest in a controlled corporation <sup>(4)</sup>	Copark (as defined below)	29,803,255	0.441%
	Interest in a controlled corporation <sup>(4)</sup>	Sharp Elite (as defined below)	187,687,500	2.779%
	Family interest <sup>(4)</sup>		14,544,041	0.215%
	Interest in persons acting in concert <sup>(3)</sup>		1,234,126,933	18.276%



## Further Information on the Group

### Notes:

- (1) Dr. LEE Yin Yee, B.B.S. is the beneficial owner of the entire issued share capital of Realbest Investment Limited ("**Realbest**") and Charm Dazzle Limited ("**Charm Dazzle**") which in turn are the registered owner of 82,901,405 and 457,957,500 shares respectively. Dr. LEE Yin Yee, B.B.S. also has 3,575,733 shares jointly held with and 4,337,354 shares directly held by his spouse, Madam TUNG Hai Chi.
- (2) The interest in the shares are held through Full Guang Holdings Limited ("**Full Guang**"). Full Guang is owned by Dr. LEE Yin Yee, B.B.S. as to 33.98%, Mr. TUNG Ching Bor as to 16.21%, Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M* as to 16.21%, Mr. LEE Sing Din (father of Mr. LEE Yau Ching) as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.
- (3) Pursuant to an agreement dated 22 November 2018 and entered into by Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M*, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. SZE Nang Sze, Mr. NG Ngan Ho, and Mr. LI Ching Leung, the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to sell their Shares allotted to them under a conditional distribution in specie.
- (4) Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M* is the beneficial owner of the entire issued share capital of Copark Investment Limited ("**Copark**") and Sharp Elite Holdings Limited ("**Sharp Elite**") which in turn are the registered owner of 29,803,255 and 187,687,500 shares respectively. Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M* is also deemed to be interested in 14,544,041 shares directly held by his spouse, Puan Sri Datin SZE Tan Hung.

### (ii) Share options of the Company

As at 30 June 2020, there were a total of 450,000 outstanding share options of the Company granted to Ms. CHENG Shu E, an executive Director of the Company under the share option scheme of the Company. Details of which are summarised as follows:

Date of grant	:	31 March 2020
Number of share options granted	:	450,000
Number of share options outstanding		
at 30 June 2020	:	450,000
Exercise period	:	1 April 2023 to 31 March 2024
Exercise price per Share	:	HK\$2.18
Capacity in which interest is held	:	Beneficial owner
Approximate percentage of the Company's		
issued share capital at 30 June 2020	:	0.006%

## Further Information on the Group

### (iii) Long positions in shares of associated corporation

Name of Director	Capacity	Name of the associated corporations	Number of shares held	Approximate percentage in the total issued share capital of associated corporations
Dr. LEE Yin Yee, B.B.S.	Interest in a controlled corporation <sup>(1)</sup>	Xinyi Solar	842,209,970	10.315%
	Interest in persons acting in concert <sup>(2)</sup>		1,421,865,177	17.414%
Tan Sri Datuk TUNG Ching Sai <i>P.S.M, D.M.S.M</i>	Interest in a controlled corporation <sup>(3)</sup>	Xinyi Solar	200,094,300	2.451%
	Personal interest <sup>(3)</sup>		15,754,717	0.193%
	Family interest <sup>(3)</sup>		16,118,447	0.197%
	Interest in persons acting in concert <sup>(2)</sup>		2,032,107,683	24.888%

*Notes:*

- (1) Dr. LEE Yin Yee, B.B.S. is the beneficial owner of the entire issued share capital of Realbest which in turn is the registered owner of 842,209,970 shares in the issued share capital of Xinyi Solar Holdings Limited ("**XYs Shares**").
- (2) Pursuant to an agreement dated 31 May 2013 and entered into by Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M*, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. SZE Nang Sze, Mr. NG Ngan Ho, and Mr. LI Ching Leung, the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to sell their XYs Shares allotted to them under a conditional distribution in specie, by way of special interim dividend declared on 19 November 2013.
- (3) Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M* is the beneficial owner of the entire issued share capital of Copark which is the registered owner of 200,094,300 XYs Shares. Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M* also has 15,754,717 XYs Shares held in his own name and is also deemed to be interested in 16,118,447 XYs Shares directly held by his spouse, Puan Sri Datin SZE Tan Hung.

## Further Information on the Group

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN THE SHARE CAPITAL OF THE COMPANY

As at 30 June 2020, the interests and short positions of the persons, other than Directors and chief executive of the Company, in the shares and the underlying shares of the Company, as notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, were as follows:

Name of substantial shareholders	Nature of interest and capacity	Number of shares held	Approximate percentage of the Company's issued share capital
Xinyi Group (Glass) Company Limited	Beneficial owner	393,074,211	5.821%
Xinyi Automobile Glass (BVI) Company Limited	Interest in a controlled corporation	393,074,211	5.821%
Xinyi Glass Holdings Limited	Beneficial owner	35,272,000	0.522%
	Interest in a controlled corporation	393,074,211	5.821%
Xinyi Solar Holdings Limited	Interest in a controlled corporation	3,558,555,000	52.700%
Xinyi Power (BVI) Limited	Beneficial owner	3,558,555,000	52.700%
Mr. TUNG Ching Bor	Interest in a controlled corporation <sup>(1)</sup>	218,182,567	3.231%
	Joint interest <sup>(1)</sup>	10,188,000	0.150%
	Family interest <sup>(1)</sup>	5,657,906	0.083%
	Interest in persons acting in concert <sup>(2)</sup>	1,232,133,256	18.247%
Mr. LEE Sing Din	Interest in a controlled corporation <sup>(3)</sup>	141,373,271	2.093%
	Personal interest <sup>(3)</sup>	375,000	0.005%
	Joint interest <sup>(3)</sup>	6,919,618	0.102%
	Interest in persons acting in concert <sup>(2)</sup>	1,317,493,840	19.511%

## Further Information on the Group

Name of substantial shareholders	Nature of interest and capacity	Number of shares held	Approximate percentage of the Company's issued share capital
Mr. LI Man Yin	Interest in a controlled corporation <sup>(4)</sup>	54,184,496	0.802%
	Personal interest <sup>(4)</sup>	394,278	0.005%
	Family interest <sup>(4)</sup>	162,325	0.002%
	Interest in persons acting in concert <sup>(2)</sup>	1,411,420,630	20.902%
Mr. LI Ching Wai	Interest in a controlled corporation <sup>(5)</sup>	58,371,793	0.864%
	Personal interest <sup>(5)</sup>	200,000	0.003%
	Interest in persons acting in concert <sup>(2)</sup>	1,407,589,936	20.845%
Mr. SZE Nang Sze	Interest in a controlled corporation <sup>(6)</sup>	72,716,178	1.076%
	Interest in persons acting in concert <sup>(2)</sup>	1,393,445,551	20.636%
Mr. NG Ngan Ho	Interest in a controlled corporation <sup>(7)</sup>	53,980,103	0.799%
	Personal interest <sup>(7)</sup>	276,425	0.004%
	Interest in persons acting in concert <sup>(2)</sup>	1,411,905,201	20.909%
Mr. LI Ching Leung	Interest in a controlled corporation <sup>(8)</sup>	53,944,770	0.798%
	Personal interest <sup>(8)</sup>	776,322	0.011%
	Family interest <sup>(8)</sup>	45,870	0.0007%
	Interest in persons acting in concert <sup>(2)</sup>	1,411,394,767	20.901%

*Notes:*

- (1) Mr. TUNG Ching Bor's interests in the shares are held through High Park Technology Limited and Xu Feng Limited, both are incorporated in the BVI with limited liability and wholly-owned by Mr. TUNG Ching Bor. Mr. TUNG Ching Bor has 10,188,000 shares jointly held with and 5,657,906 shares directly held by his spouse, Madam KUNG Sau Wai.

## Further Information on the Group

- (2) Pursuant to an agreement dated 22 November 2018 and entered into by Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M*, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. SZE Nang Sze, Mr. NG Ngan Ho, and Mr. LI Ching Leung, the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to sell their shares allotted to them under a conditional distribution in specie.
- (3) Mr. LEE Sing Din's interests in the shares are held through Telerich Investment Limited and Smart Precious Limited, both are incorporated in the BVI with limited liability and wholly-owned by Mr. LEE Sing Din. Mr. LEE Sing Din also has 375,000 shares held in his own name and 6,919,618 shares through a joint account with his spouse, Madam LI Kam Ha.
- (4) Mr. LI Man Yin's interests in the shares are held through Perfect All Investments Limited and Will Sail Limited, both are incorporated in the BVI with limited liability and wholly-owned by Mr. LI Man Yin. Mr. LI Man Yin also has 394,278 shares held in his own name and 162,325 shares through his spouse, Madam LI Sau Suet.
- (5) Mr. LI Ching Wai's interests in the shares are held through Goldbo International Limited and Yuanyi Limited, both are incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Wai. Mr. LI Ching Wai also has 200,000 shares held in his own name.
- (6) Mr. SZE Nang Sze's interests in the shares are held through Goldpine Limited and Day Dimension Investments Limited, both are incorporated in the BVI with limited liability and wholly-owned by Mr. SZE Nang Sze.
- (7) Mr. NG Ngan Ho's interests in the shares are held through Linkall Investment Limited and Far High Investments Limited, both are incorporated in the BVI with limited liability and wholly-owned by Mr. NG Ngan Ho. Mr. NG Ngan Ho also has 276,425 shares held in his own name.
- (8) Mr. LI Ching Leung's interests in the shares are held through Herosmart Holdings Limited and Heng Zhuo Limited, both are incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Leung. Mr. LI Ching Leung also has 776,322 shares held in his own name and 45,870 shares through his spouse, Madam DY Maria Lumin.

Save as disclosed above, as at 30 June 2020, to the knowledge of the Company, none of the Directors or chief executive of the Company had or was deemed under the SFO to have any interests or short positions in any of the shares or the underlying share and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## Further Information on the Group

### PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors and the chief executive, as at 30 June 2020, the following Directors is a director or employee of the following entities which had, or was deemed to have, interests or short positions in the Shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of companies which had such discloseable interest or short positions	Position within such companies
Dr. LEE Yin Yee, B.B.S., Tan Sri Datuk TUNG Ching Sai <i>P.S.M, D.M.S.M</i>	Xinyi Group (Glass) Company Limited	Director
Dr. LEE Yin Yee, B.B.S., Tan Sri Datuk TUNG Ching Sai <i>P.S.M, D.M.S.M</i>	Xinyi Automobile Glass (BVI) Company Limited	Director
Dr. LEE Yin Yee, B.B.S., Tan Sri Datuk TUNG Ching Sai <i>P.S.M, D.M.S.M</i>	Xinyi Glass Holdings Limited	Director
Mr. LEE Yau Ching	Xinyi Power (BVI) Limited	Director
Dr. LEE Yin Yee, B.B.S., Tan Sri Datuk TUNG Ching Sai <i>P.S.M, D.M.S.M</i> , Mr. LEE Yau Ching	Xinyi Solar Holdings Limited	Director
Dr. LEE Yin Yee, B.B.S.	Realbest	Director
Dr. LEE Yin Yee, B.B.S.	Charm Dazzle	Director
Tan Sri Datuk TUNG Ching Sai <i>P.S.M, D.M.S.M</i>	Copark	Director
Tan Sri Datuk TUNG Ching Sai <i>P.S.M, D.M.S.M</i>	Sharp Elite	Director
Mr. LEE Yau Ching	Telerich	Director
Mr. LEE Yau Ching	Precious Smart	Director

## Further Information on the Group

Save as disclosed above, the Directors are not aware of any persons who were directly or indirectly interested in 10% or more of the shares then in issue, or equity interest in any member of the Group representing 10% or more of the equity interest in such company, or who had any interests or short positions in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as at 30 June 2020.

### REVIEW OF THE INTERIM RESULTS

The Company's interim results for 1H2020 have not been audited but have been reviewed by the Company's audit committee, comprising the three independent non-executive Directors, namely, Mr. LEUNG Ting Yuk (Chairman of audit committee), The Hon. IP Kwok Him, G.B.M., G.B.S., J.P. and Ms. LYU Fang.