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**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)**



**XINYI SOLAR HOLDINGS LIMITED**

**信義光能控股有限公司**

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

**(Stock code: 00968)**

## **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS (SOLAR FARM O&M AGREEMENT)**

Detailed information on the Solar Farm O&M Agreement was disclosed in the XIE Prospectus. The Solar Farm O&M Agreement was entered into between Xinyi Energy and Xinyi Solar for the purpose of the separate listing of Xinyi Energy on the Stock Exchange. The initial term of the Solar Farm O&M Agreement has expired on 31 December 2021 and will be automatically renewed for another three years upon expiration, subject to full compliance with the applicable requirements under the Listing Rules.

On 31 December 2021 (after trading hours), Xinyi Energy and Xinyi Solar entered into the Renewal Memorandum, pursuant to which the duration of the Solar Farm O&M Agreement will commence from 1 January 2022 for a period of three years. All other terms and conditions of the Solar Farm O&M Agreement will remain unchanged and will continue to apply to the arrangements for the Renewal Period, *mutatis mutandis*.

### **Implications under the Listing Rules**

#### *Xinyi Energy*

Xinyi Solar is the holding company of Xinyi Energy and hence, it is a connected person of Xinyi Energy under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) in relation to the annual caps for the Solar Farm O&M Agreement, as renewed by the Renewal Memorandum, during the Renewal Period is more than 0.1% but less than 5% and the total consideration exceeds HK\$3.0 million, the continuing connected transactions under the Solar Farm O&M Agreement, as renewed by the Renewal Memorandum for the Renewal Period, for Xinyi Energy are subject to the reporting and announcement requirements, but are exempt from circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### *Xinyi Solar*

Xinyi Energy is a non-wholly owned subsidiary of Xinyi Solar. As of the date of this announcement, the XYS Controlling Shareholders and their respective associates (excluding Xinyi Solar) are interested in more than 10% of the XYE Shares, Xinyi Energy is a connected subsidiary of Xinyi Solar and thereby a connected person of Xinyi Solar under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) in relation to the annual caps for the Solar Farm O&M Agreement, as renewed by the Renewal Memorandum, during the Renewal Period is more than 0.1% but less than 5%, the continuing connected transactions under the Solar Farm O&M Agreement, as renewed by the Renewal Memorandum for the Renewal Period, for Xinyi Solar are subject to the reporting and announcement requirements, but are exempt from circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **BACKGROUND INFORMATION**

Detailed information on the Solar Farm O&M Agreement was disclosed in the XYE Prospectus. The Solar Farm O&M Agreement was entered into between Xinyi Energy and Xinyi Solar for the purpose of the separate listing of Xinyi Energy on the Stock Exchange. The initial term of the Solar Farm O&M has expired on 31 December 2021 and will be automatically renewed for another three years upon expiration, subject to full compliance with the applicable requirements under the Listing Rules.

On 31 December 2021 (after trading hours), Xinyi Energy and Xinyi Solar entered into the Renewal Memorandum, pursuant to which the duration of the Solar Farm O&M Agreement will commence from 1 January 2022 for a period of three years. All other terms and conditions of the Solar Farm O&M Agreement will remain unchanged and will continue to apply to the arrangements for the Renewal Period, *mutatis mutandis*.

**PRINCIPAL TERMS OF THE SOLAR FARM O&M AGREEMENT (RENEWED BY THE RENEWAL MEMORANDUM)**

The following sets forth the principal terms of the Solar Farm O&M Agreement, the duration of which has been renewed by the Renewal Memorandum:

**Date:** 31 December 2021, being the date of the Renewal Memorandum

**Parties:** (a) Xinyi Energy and  
(b) Xinyi Solar.

**Duration:** The Solar Farm O&M Agreement, as renewed by the Renewal Memorandum, will be effective for a period of three years commencing on 1 January 2022 and ending on 31 December 2024, so long as Xinyi Solar continues to be a controlling shareholder of Xinyi Energy.

**Scope of the Services:** Members of the XYE Group shall provide operation, management and maintenance services (collectively, the “**Services**”) as agreed upon by Xinyi Energy and Xinyi Solar with respect to each Covered Project (as defined below) throughout the Renewal Period.

**Solar farm projects on which the Services would be rendered:** When an Eligible Project (as defined below) is connection-ready, it will become a covered project (the “**Covered Project**”) upon the notification issued by Xinyi Solar to Xinyi Energy. Xinyi Energy will then start providing the Services to the Covered Project. The purpose of providing the Services is to ensure that there will be a clear delineation of the business activities in relation to the operation and management of utility-scale ground-mounted solar farm projects constructed and developed by the XYS Group.

**Eligible Projects:** Utility-scale ground-mounted solar farm projects that are developed, constructed or acquired by Xinyi Solar or its subsidiaries, provided that if such project is acquired from a third party, it is not subject to any executed agreement or other binding obligation associated with it in respect of the provision of operation and management services at the time of acquisition.

**Exclusivity:**

During the Renewal Period, Xinyi Solar shall not engage, directly or indirectly, any third party other than the XYE Group for the provision of the Services in connection with any Eligible Project and Covered Project.

**Obligations of Xinyi Energy:**

**Services:** Xinyi Energy shall provide the Services on the Covered Projects during the Renewal Period.

**Permits:** Xinyi Energy shall obtain and maintain all applicable permits required under applicable law in the name of Xinyi Energy, or its applicable subsidiary, for the provision of the Services.

**Subcontracting:** Subcontracting of the Services shall not (a) relieve Xinyi Energy from the duties, responsibilities, obligations, and liabilities provided under the agreement; (b) relieve Xinyi Energy of its responsibility for the performance of any work rendered by any such subcontractor or (c) create any relationship between Xinyi Solar, on the one hand, and any subcontractor of Xinyi Energy, on the other. Xinyi Energy shall be solely responsible for the acts, omissions or defaults of its subcontractors and any other persons for which Xinyi Energy or its subcontractors are responsible.

**Reports:** Xinyi Energy is required to prepare (a) site operating plan relating to the maintenance and shut down of the specified components for a Covered Project and (b) maintenance plan detailing the provision of maintenance services includes as part of the Services for each Covered Project. Additionally, Xinyi Energy shall (c) provide monthly reports for each Covered Project and on its then standard form in electronic format; and (d) maintain complete and accurate records of the Services.

**Obligations of Xinyi  
Solar:**

**Support:** Xinyi Solar shall provide: (a) telecommunication systems; (b) access to and within the site of the Covered Project, including providing access roads and access for Xinyi Energy and subcontractors; (c) site security; and (d) utilities for performance of the Services by Xinyi Energy.

**Payments:** Xinyi Solar shall (a) pay when due all charges and costs, including all telecommunications, data usage, and other utility charges and (b) make all necessary arrangements in connection with the discharge of Xinyi Solar's obligations under the Solar Farm O&M Agreement, including any arrangements with local authorities and utility companies necessary for the provision of such utilities.

**Permits:** Xinyi Solar shall obtain and maintain all applicable permits, other than those obtained and maintained by Xinyi Energy for each Covered Project.

**Service fee and  
payment:**

The Service fee for each billing period with respect to each Covered Project shall be equal to the higher of the amount calculated pursuant to (a) and (b) below:

- (a) If such Covered Project's capacity is:
  - (i) less than or equal to 50 MW, an amount equal to 2% of the revenue for such Covered Project during such billing Period, net of any value added tax.
  - (ii) greater than 50 MW, an amount equal to 1.5% of the revenue for such Covered Project during such billing Period, net of any value added tax.
- (b) An amount equal to the sum of (i) actual costs for performing the Services for such Covered Project during such billing period plus (ii) 10% of such actual costs.

The Service fees shall be settled on a quarterly basis.

**Indemnification:** Each party shall defend, indemnify, and hold harmless the other party from and against, *inter alia*, losses arising from third-party claims caused by the willful misconduct or negligent acts or omissions of that party in the performance of certain acts.

**HISTORICAL ANNUAL CAPS AND HISTORICAL TRANSACTION AMOUNTS**

The historical annual caps and historical transaction amounts for the Service fees under the Solar Farm O&M Agreement for the two years ended 31 December 2020 and the eleven months ended 30 November 2021 are set forth as follows:

|                                | <u>Year ended 31 December</u> |                      | <u>Eleven months ended</u> |
|--------------------------------|-------------------------------|----------------------|----------------------------|
|                                | <u>2019</u>                   | <u>2020</u>          | <u>30 November 2021</u>    |
|                                | <i>(RMB million)</i>          | <i>(RMB million)</i> | <i>(RMB million)</i>       |
| Annual caps                    | 7.2                           | 12.0                 | 15.0 <i>(Note)</i>         |
| Historical transaction amounts | 4.3                           | 7.8                  | 7.5                        |

*Note:*

This amount is for the year ended 31 December 2021.

The XYE Directors and the XYS Directors expect that the actual transaction amount of Service fees for the year ended 31 December 2021 under the Solar Farm O&M Agreement would not exceed the annual cap for the year.

**ANNUAL CAPS FOR THE SOLAR FARM O&M AGREEMENT DURING THE RENEWAL PERIOD AND BASIS FOR DETERMINING THE ANNUAL CAPS**

The maximum amount of the annual Service fees for the Renewal Period, i.e. the three years ending 31 December 2024, are expected not to exceed the following annual caps:

|                    | <u>Year ending 31 December</u> |                      |                      |
|--------------------|--------------------------------|----------------------|----------------------|
|                    | <u>2022</u>                    | <u>2023</u>          | <u>2024</u>          |
|                    | <i>(RMB million)</i>           | <i>(RMB million)</i> | <i>(RMB million)</i> |
| Total Service fees | 15.0                           | 15.0                 | 15.0                 |

In determining the above annual caps for the Renewal Period, the XYE Directors and the XYS Directors have considered the pricing basis set forth in the Solar Farm O&M Agreement, which in turn is determined on an arm's length basis between Xinyi Energy and Xinyi Solar and on normal commercial terms taking into consideration the following:

- (a) the prevailing market rates for similar services provided as known to Xinyi Energy and Xinyi Solar;
- (b) the expected annual utilization hours of the pipeline of the solar farm projects of Xinyi Solar during the term of the Solar Farm O&M Agreement, as renewed by the Renewal Memorandum; and
- (c) the anticipated amount of the Services to be provided during the Renewal Period.

If there is any significant change in the number of the Covered Projects during the Renewal Period which would result in the actual amount of the Service fees to exceed the relevant annual caps, Xinyi Energy and Xinyi Solar will comply with the applicable requirements under the Listing Rules, as and when appropriate.

**REASONS FOR AND BENEFITS OF CONTINUING THE ARRANGEMENTS UNDER THE SOLAR FARM O&M AGREEMENT (RENEWED BY THE RENEWAL MEMORANDUM)**

The Solar Farm O&M Agreement, as renewed by the Renewal Memorandum for the Renewal Period, continues to provide a clear delineation of the business activities in relation to the operation and management of the Covered Projects. The Solar Farm O&M Agreement was entered into between Xinyi Energy and Xinyi Solar for the purpose of the separate listing of Xinyi Energy on the Stock Exchange, and the purpose of entering into the Renewal Memorandum is to confirm the continuation of such arrangements for the Renewal Period. The initial term of the Solar Farm O&M has expired on 31 December 2021 and will be automatically renewed for another three years upon expiration, subject to full compliance with the applicable requirements under the Listing Rules.

The XYS Group has no management team specialised in operating and managing solar farm projects, and the experienced service teams of the XYE Group have the relevant expertise and experience and possess the requisite license for provision of such service and carry out such works. Provision of the Services is part of the principal business activities of the XYE Group and is expected to increase the revenue of the XYE Group and will facilitate future acquisition of solar farm projects.

The Services are provided by the XYE Group to the XYS Group on normal commercial terms, taking into consideration the service quality, price, work efficiency and familiarity with the business needs and operational requirements as well as solar farm technical knowledge. The Service fees are agreed and determined with reference to the actual costs incurred in the provision of the relevant Services and the fees charged by independent third parties for similar services. The service fees have been reached upon negotiations on an arm's length basis between the relevant parties upon normal commercial terms in the ordinary and usual course of business.

## **GENERAL INFORMATION OF THE PARTIES**

### **Xinyi Energy**

The XYE Group is a leading non-State owned solar farm owner and operator in the PRC in terms of the approved capacity of the utility-scale ground-mounted solar farm projects in operation owned by the XYE Group and under its management. The XYE Group is also exploring projects in other renewable energy segments. As of the date of this joint announcement, Xinyi Energy and its subsidiaries are non-wholly owned subsidiaries of Xinyi Solar.

### **Xinyi Solar**

The XYS Group is principally engaged in the production and sale of solar glass products, which are carried out internationally, through its production complexes in the PRC and Malaysia. In addition, the XYS Group is also engaged in the development of solar farms across different regions in the PRC. As of the date of this joint announcement, the XYS Shares are owned as to 49.3% by the XYS Controlling Shareholders and their respective associates and 50.7% by members of the public.

## **VIEWS OF THE XYE BOARD AND THE XYS BOARD**

### **Xinyi Energy**

As Mr. LEE Shing Put, B.B.S., Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.*, and Mr. LEE Yau Ching are currently XYS Directors, they are considered to be materially interested in the relevant board resolutions to approve the continuation of the Solar Farm O&M Agreement, as renewed by the Renewal Memorandum. Accordingly, Mr. LEE Shing Put, B.B.S., Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.* and Mr. LEE Yau Ching have abstained from voting on the said board resolutions at the meeting of the XYE Board. No other XYE Directors have abstained from voting on the relevant board resolutions of Xinyi Energy.

Excluding the XYE Directors who have abstained from voting, the XYE Board (including all independent non-executive XYE Directors) considers that it will be in the interest of Xinyi Energy and its shareholders to continue to provide the Services to the XYS Group. In addition, the XYE Board (including all independent non-executive XYE Directors) further considers that the terms of the Solar Farm O&M Agreement, as renewed by the Renewal Memorandum for the Renewal Period (including the annual caps), have been entered into (a) on normal commercial terms after arm's length negotiations; (b) in the ordinary and usual course of the business of the XYE Group; and (c) on terms that are fair and reasonable and in the interest of Xinyi Energy and its shareholders as a whole.

### **Xinyi Solar**

As Mr. LEE Shing Put, B.B.S., Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.*, and Mr. LEE Yau Ching are currently XYE Directors, they are considered to be materially interested in the relevant board resolutions to approve the continuation of the Solar Farm O&M Agreement, as renewed by the Renewal Memorandum. Accordingly, Mr. LEE Shing Put, B.B.S., Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.* and Mr. LEE Yau Ching have abstained from voting on the said board resolutions at the meeting of the XYS Board. No other XYS Directors were required to abstain from voting on the relevant board resolutions of Xinyi Solar.

Excluding the XYS Directors who have abstained from voting, the XYS Board (including all independent non-executive XYS Directors) considers that it will be in the interest of Xinyi Solar and its shareholders to continue to secure the Services from the XYE Group. In addition, the XYS Board (including all independent non-executive XYS Directors) further considers that the terms of the Solar Farm O&M Agreement, as renewed by the Renewal Memorandum for the Renewal Period (including the annual caps), have been entered into (a) on normal commercial terms after arm's length negotiations; (b) in the ordinary and usual course of the business of the XYS Group; and (c) on terms that are fair and reasonable and in the interest of Xinyi Solar and its shareholders as a whole. In addition, as Xinyi Energy is a non-wholly owned subsidiary of Xinyi Solar, Xinyi Solar will continue to share the revenue and profit of Xinyi Energy.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **Xinyi Energy**

Xinyi Solar is the holding company of Xinyi Energy and hence, it is a connected person of Xinyi Energy under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) in relation to the annual caps for the Solar Farm O&M Agreement, as renewed by the Renewal Memorandum, during the Renewal Period is more than 0.1% but less than 5% and the total consideration exceeds HK\$3.0 million, the continuing connected transactions under the Solar Farm O&M Agreement, as renewed by the Renewal Memorandum for the Renewal Period, for Xinyi Energy are subject to the reporting and announcement requirements, but are exempt from circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **Xinyi Solar**

Xinyi Energy is a non-wholly owned subsidiary of Xinyi Solar. As of the date of this announcement, the XYS Controlling Shareholders and their respective associates (excluding Xinyi Solar) are interested in more than 10% of the XYE Shares, Xinyi Energy is a connected subsidiary of Xinyi Solar and thereby a connected person of Xinyi Solar under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) in relation to the annual caps for the Solar Farm O&M Agreement, as renewed by the Renewal Memorandum for the Renewal Period, is more than 0.1% but less than 5%, the continuing connected transactions under the Solar Farm O&M Agreement, as renewed by the Renewal Memorandum, during the Renewal Period for Xinyi Solar are subject to the reporting and announcement requirements, but are exempt from circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS USED IN THIS JOINT ANNOUNCEMENT**

*Unless the context requires otherwise, the capitalised terms used in this joint announcement shall have the following meanings:*

|                                     |  |
|-------------------------------------|--|
| <b>“associate(s)”</b>               | has the meaning ascribed to it under the Listing Rules;                              |
| <b>“BVI”</b>                        | means the British Virgin Islands;  |
| <b>“connected person(s)”</b>        | has the meaning ascribed to it under the Listing Rules;                              |
| <b>“controlling shareholder(s)”</b> | has the meaning ascribed to it under the Listing Rules;                              |
| <b>“Hong Kong”</b>                  | means The Hong Kong Special Administrative Region of the People's Republic of China; |

|                                       |   |
|---------------------------------------|---|
| <b>“HK\$”</b>                         | means Hong Kong dollars, the lawful currency of Hong Kong;  |
| <b>“independent third parties”</b>    | means third party(ies) independent of and not connected with any of the connected person(s) of the relevant listed company(ies) and their respective associates;                            |
| <b>“Listing Rules”</b>                | means The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;   |
| <b>“MW”</b>                           | means unit of energy (power), megawatt;   |
| <b>“PRC”</b>                          | means The People’s Republic of China, excluding Hong Kong, The Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this joint announcement; |
| <b>“Renewal Memorandum”</b>           | refers to the memorandum dated 31 December 2021 entered into between Xinyi Solar and Xinyi Energy to confirm the renewal of the Solar Farm O&M Agreement for the Renewal Period;            |
| <b>“Renewal Period”</b>               | refers to the three years ending on 31 December 2024;   |
| <b>“Solar Farm O&amp;M Agreement”</b> | means the solar farm operation and management agreement dated 5 December 2018 entered into by and between Xinyi Solar and Xinyi Energy;   |
| <b>“Stock Exchange”</b>               | means The Stock Exchange of Hong Kong Limited;  |
| <b>“subsidiary(ies)”</b>              | has the meaning ascribed to it under the Listing Rules;   |
| <b>“Xinyi Energy”</b>                 | means Xinyi Energy Holdings Limited (信義能源控股有限公司), a company in BVI with limited liability, the shares of which are listed on the Main Board (stock code: 03868);                            |
| <b>“Xinyi Solar”</b>                  | means Xinyi Solar Holdings Limited (信義光能控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board (stock code: 00968); |

|                                       |  |
|---------------------------------------|--|
| <b>“XYE Board”</b>                    | means the board of directors of Xinyi Energy;  |
| <b>“XYE Directors”</b>                | means the directors of Xinyi Energy;   |
| <b>“XYE Group”</b>                    | means Xinyi Energy and its subsidiaries, which are also non-wholly owned subsidiaries of Xinyi Solar;  |
| <b>“XYE Prospectus”</b>               | means the prospectus issued by Xinyi Energy dated 15 May 2019;   |
| <b>“XYE Shares”</b>                   | means the issued shares of Xinyi Energy;   |
| <b>“XYS Board”</b>                    | means the board of directors of Xinyi Solar;   |
| <b>“XYS Controlling Shareholders”</b> | has the meaning ascribed to it under the Listing Rules and, in the case of Xinyi Solar, refers to Xinyi Glass Holdings Limited (stock code: 00868) and its subsidiaries, Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, J.P., Mr. LI Man Yin, Mr. NG Ngan Ho, Mr. LI Ching Leung, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. SZE Nang Sze, and their respective controlled corporations; |
| <b>“XYS Directors”</b>                | means the directors of Xinyi Solar;  |
| <b>“XYS Group”</b>                    | means Xinyi Solar and its subsidiaries (other than members of the XYE Group);  |
| <b>“XYS Shares”</b>                   | means the issued shares of Xinyi Solar; and  |
| <b>“%”</b>                            | denotes as per cent.   |

By order of the board of directors of  
**Xinyi Energy Holdings Limited**  
**TUNG Fong Ngai**  
*Executive Director and  
Chief Executive Officer*

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

Hong Kong, 31 December 2021

*As of the date of this joint announcement, the XYE Board comprises five executive XYE Directors, namely Mr. LEE Shing Put, B.B.S. (Chairman of the XYE Board), Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, J.P., Mr. TUNG Fong Ngai, Mr. LEE Yau Ching, and Ms. CHENG Shu E, and three independent non-executive XYE Directors, namely Mr. LEUNG Ting Yuk, The Hon. IP Kwok Him, G.B.M., G.B.S., J.P. and Ms. LYU Fang.*

*As of the date of this joint announcement, the XYS Board comprises four executive XYS Directors, namely Dr. LEE Yin Yee, B.B.S. (Chairman of the XYS Board), Mr. LEE Yau Ching, Mr. LI Man Yin, and Mr. CHEN Xi, two non-executive XYS Directors, namely Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, J.P. and Mr. LEE Shing Put, B.B.S., and three independent non-executive XYS Directors, namely Mr. CHENG Kwok Kin, Paul, Mr. LO Wan Sing, Vincent, and Mr. KAN E-ting, Martin.*

*This joint announcement will be published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk), Xinyi Energy at [www.xinyienergy.com](http://www.xinyienergy.com), and Xinyi Solar at [www.xinyisolar.com](http://www.xinyisolar.com).*