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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

If you have sold or transferred all your shares in **Xinyi Energy Holdings Limited**, you should at once hand this circular with the accompanying form of proxy to the purchaser(s) or the transferee(s), or to the licensed securities dealer or other registered institution in securities, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

CONNECTED AND DISCLOSEABLE TRANSACTION

EXERCISE OF CALL OPTION (GROUP 5) PURSUANT TO THE SOLAR FARM AGREEMENT AND THE SOLAR FARM (GROUP 5) AGREEMENTS AND NOTICE OF THE EGM

Independent Financial Adviser



Unless the context requires otherwise, the capitalised terms used on this cover shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set forth on pages 9 to 27 of this circular. A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders is set forth on pages 28 to 29 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set forth on pages 30 to 54 of this circular.

The EGM is to be held at 21/F, Rykadan Capital Tower, 135 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong on Friday, 31 May 2024 at 9:00 a.m. and the Notice of the EGM is set forth on pages 60 and 61 of this circular. Shareholders are advised to read the Notice of the EGM and if you are not able to attend the EGM or its adjournment (as the case may be) in person but wish to exercise your right as a Shareholder, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding the EGM, i.e. not later than Wednesday, 29 May 2024 at 9:00 a.m. (Hong Kong time), or any adjournment thereof (as the case may be).

Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

10 May 2024

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DEFINITIONS

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

“Acquisition Committee”	means the acquisition committee of the Board established for the purpose of considering and if appropriate, approving acquisition of the Call Right Assets;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	means the board of Directors of the Company;
“Branch Share Registrar”	means the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong;
“Call Notice (Group 5)”	means the notice dated 28 February 2024 delivered by the Company to Xinyi Solar for the purpose of exercising the Call Option (Group 5);
“Call Option”	means the call option granted by Xinyi Solar to the Company under the Solar Farm Agreement, pursuant to which the Company may acquire from Xinyi Solar the Call Right Assets;
“Call Option (Group 4)”	refers to the Call Option previously exercised by the Company for the acquisition of the Call Right Assets (Group 4);
“Call Option (Group 5)”	refers to the Call Option currently exercised by the Company to acquire the Call Right Assets (Group 5);
“Call Right Assets”	means the substantially completed construction and grid-connected utility-scale ground-mounted solar farm projects developed or constructed by the XYS Group which include the Call Right Assets (Group 4) and the Call Right Assets (Group 5);
“Call Right Assets (Group 4)”	means the Call Right Assets in the total approved capacity of 636.5 MW agreed to be acquired by the Company pursuant to the exercise of the Call Option (Group 4);

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“Call Right Assets (Group 5)”	means the eight solar farms in the total approved capacity of 790 MW, namely Kaiping Jinji Solar Farm, Qujing Banzhuang Solar Farm, Qujing Guanqiyong Solar Farm, Qujing Nantoushan Solar Farm, Qujing Yangjiacun Solar Farm, Qujing Yingli Solar Farm, Sanshan Gaoan Solar Farm and Yunfu Solar Farm proposed to be acquired by the Purchaser under the Call Option (Group 5);
“Call Right Price” and “Call Right Price (Group 5)”	means the exercise price in relation to the exercise of the Call Option and the Call Option (Group 5);
“Company”	means Xinyi Energy Holdings Limited (信義能源控股有限公司), a company incorporated in the British Virgin Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 03868);
“Completion Date (Group 5)”	means the date of completion of the sale and purchase transaction contemplated under the Solar Farm (Group 5) Agreements, which is expected to be on or before 28 February 2025;
“connected subsidiary”	has the meaning ascribed to it under the Listing Rules;
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and, in the case of the Company, refers to Xinyi Solar, Dr. LEE Yin Yee, S.B.S., Datuk Wira TUNG Ching Bor <i>D.C.S.M.</i> , Tan Sri Datuk TUNG Ching Sai <i>P.S.M., D.M.S.M., J.P.</i> , Mr. 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;
“Directors”	means the directors of the Company;
“EGM”	means the extraordinary general meeting of the Company to be held at 21/F, Rykadan Capital Tower, 135 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong on Friday, 31 May 2024 at 9:00 a.m. or any adjournment thereof, to consider and if thought fit, approve, among others, the Solar Farm (Group 5) Agreements, at which the Controlling Shareholders will abstain from voting;
“Feed-in-Tariff”	means the feed-in-tariff regime currently implemented by the PRC government for the provision of subsidy, i.e. the tariff adjustment, to the solar farm operators in the PRC by way of tariff adjustment;

DEFINITIONS

“Grand Trend”	means Grand Trend Investment Limited (廣毅投資有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of Xinyi Solar;
“Group”	means the Company and its subsidiaries;
“Hong Kong”	means The Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Board Committee”	means the independent board committee of the Board comprising all the independent non-executive Directors, namely Mr. LEUNG Ting Yuk, The Hon. IP Kwok Him, G.B.M., G.B.S., J.P. and Ms. LYU Fang, established to advise the Independent Shareholders on the exercise of the Call Option (Group 5) pursuant to the Solar Farm Agreement and the Solar Farm (Group 5) Agreements;
“Independent Financial Adviser”	means Quam Capital Limited, a licensed corporation permitted to carry out types 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the exercise of Call Option (Group 5) pursuant to the Solar Farm Agreement and the Solar Farm (Group 5) Agreements;
“Independent Shareholder(s)”	means the Shareholder(s) other than the Controlling Shareholders and their respective associates;
“Independent Third Party(ies)”	means an individual(s) or a company(ies) who or which is independent of and not connected (within the meaning of the Listing Rules) with the Company as far as the Directors are aware after having made all reasonable enquiries;
“Kaiping Jinji Solar Farm”	means Kaiping Jinji Solar Farm (開平金雞光伏電站), the utility-scale ground-mounted solar farm project located in Kaiping County, Guangdong Province, the PRC with an approved capacity of 100 MW, which is operated and wholly-owned by Kaiping Ruide;
“Kaiping Jinji Solar Farm Agreement”	refers to the sale and purchase agreement dated 28 February 2024 and entered into among Grand Trend as vendor, Xinyi Solar and the Purchaser for the disposal of the entire issued share capital of Xinjie Wuhu;

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“Kaiping Ruide”	means Kaiping City Ruide Renewable Energy Limited* 開平市睿得新能源有限公司, a company established in the PRC, the sole owner and operator of the Kaiping Jinji Solar Farm and a wholly-owned subsidiary of Xinjie Wuhu;
“Latest Practicable Date”	means 3 May 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Listing Rules”	means The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Long-stop Date (Group 5)”	means a business day (a) on or before 29 April 2025 or (b) such other date as the relevant Vendor(s) and the Purchaser may agree in writing, but in any event shall not be later than 60 days from the first anniversary of the date of the Call Notice (Group 5);
“MW”	means unit of energy (power), megawatt;
“Notice of the EGM”	means the notice convening the EGM as set forth on pages 60 to 61 of this circular;
“PRC”	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 circular;
“Prospectus”	means the prospectus issued by the Company dated 15 May 2019;
“Purchaser”	means Xinyi Solar (Wuhu) Limited* 信義光能(蕪湖)有限公司, a company established in the PRC and a wholly-owned subsidiary of the Company;
“Qujing Banzhuang Solar Farm”	means Qujing Banzhuang Solar Farm (曲靖班莊光伏電站), the utility-scale ground-mounted solar farm project located in Qujing City, Yunnan Province, the PRC with an approved capacity of 150 MW, which is operated and wholly-owned by Xinyun Qujing;
“Qujing Guanqiying Solar Farm”	means Qujing Guanqiying Solar Farm (曲靖關旗營光伏電站), the utility-scale ground-mounted solar farm project located in Qujing City, Yunnan Province, the PRC with an approved capacity of 100 MW, which is operated and wholly-owned by Xinyun Qujing;

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“Qijing Nantoushan Solar Farm”	means Qijing Nantoushan Solar Farm (曲靖南頭山光伏電站), the utility-scale ground-mounted solar farm project located in Qijing City, Yunnan Province, the PRC with an approved capacity of 100 MW, which is operated and wholly-owned by Xinyun Qijing;
“Qijing Qiushou”	means Qijing Qiushou Agricultural Development Limited* 曲靖秋收農業開發有限公司, a company established in the PRC and a direct wholly-owned subsidiary of Qijing Yingli;
“Qijing Solar Farm Agreement”	refers to the sale and purchase agreement dated 28 February 2024 and entered into among Sun Wisdom as vendor, Xinyi Solar and the Purchaser for the disposal of the entire issued share capital of Xinyun Qijing;
“Qijing Yangjiacun Solar Farm”	means Qijing Yangjiacun Solar Farm (曲靖楊家村光伏電站), the utility-scale ground-mounted solar farm project located in Qijing City, Yunnan Province, the PRC with an approved capacity of 200 MW, which is operated and wholly-owned by Xinyun Qijing;
“Qijing Yingli”	means Qijing Yingli Solar Power Development Limited* 曲靖英利光伏電力開發有限公司, a company established in the PRC, the sole owner and operator of the Qijing Yingli Solar Farm and a direct wholly-owned subsidiary of Xinyun Qijing;
“Qijing Yingli Solar Farm”	means Qijing Yingli Solar Farm (曲靖英利光伏電站), the utility-scale ground-mounted solar farm project located in Qijing City, Yunnan Province, the PRC with an approved capacity of 10 MW, which is operated and wholly-owned by Qijing Yingli;
“Rise Trend”	means Rise Trend Investment Limited (顯進投資有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of Xinyi Solar;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Sanshan Gaoan Solar Farm”	means Sanshan Gaoan Solar Farm (三山高安光伏電站), the utility-scale ground-mounted solar farm project located in Wuhu City, Anhui Province, the PRC with an approved capacity of 30 MW, which is operated and wholly-owned by Xintu Wuhu;

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“Sanshan Gaoan Solar Farm Agreement”	refers to the sale and purchase agreement dated 28 February 2024 and entered into among Rise Trend as vendor, Xinyi Solar and the Purchaser for the disposal of the entire issued share capital of Xintu Wuhu;
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time);
“Share(s)”	means ordinary share(s) of the Company;
“Shareholder(s)”	means the holders of the Shares;
“Sky Jumbo”	means Sky Jumbo International Limited (天宏國際有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of Xinyi Solar;
“Solar Farm Agreement”	means the solar farm agreement dated 5 December 2018 entered into between Xinyi Solar and the Company;
“Solar Farm (Group 4) Agreement”	refers to the sale and purchase agreement dated 28 April 2023 and entered into between Sun Wisdom as vendor, Xinyi Solar and the Purchaser for the acquisition of the Call Rights Assets (Group 4);
“Solar Farm (Group 5) Agreements”	refers to (a) Kaiping Jinji Solar Farm Agreement; (b) Yunfu Solar Farm Agreement; (c) Qujing Solar Farm Agreement; and (d) Sanshan Gaoan Solar Farm Agreement;
“Solar Farm (Group 4) Circular”	means the circular issued by the Company dated 17 May 2023;
“Solar Farm (Group 4) Joint Announcement”	refers to the joint announcement issued by the Company and Xinyi Solar dated 28 April 2023;
“Solar Farm (Group 4) Transaction”	means acquisition of the Call Right Assets (Group 4), further information on which is set forth in the Solar Farm (Group 4) Joint Announcement, the Solar Farm (Group 4) Circular and the joint announcement issued by the Company and Xinyi Solar dated 28 September 2023;
“Solar Farm (Group 5) Joint Announcement”	refers to the joint announcement issued by the Company and Xinyi Solar dated 28 February 2024;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;

DEFINITIONS

“Sun Wisdom”	means Sun Wisdom Development Limited (智日發展有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Xinyi Solar;
“Target Members (Group 5)”	collectively, Xinjie Wuhu, Kaiping Ruide, Xintu Wuhu, Xinyun Yunfu, Xinyun Qujing, Qujing Yingli and Qujing Qiushou;
“Target Shares (Group 5)”	means the entire issued share capital of the Target Members (Group 5);
“Vendors”	collectively, Grand Trend, Rise Trend, Sky Jumbo and Sun Wisdom;
“Xinjie Wuhu”	means Xinjie Solar (Wuhu) Limited* 信節光能(蕪湖)有限公司, a company established in the PRC and a wholly-owned subsidiary of Grand Trend;
“Xintu Wuhu”	means Wuhu Xintu Renewable Energy Limited* 蕪湖信圖新能源有限公司, a company established in the PRC, the sole owner and operator of the Sanshan Gaoan Solar Farm and a wholly-owned subsidiary of Rise Trend;
“Xinyi Solar”	means Xinyi Solar Holdings Limited (信義光能控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 00968);
“Xinyun Qujing”	means Xinyun Solar (Qujing) Limited* 信雲光能(曲靖)有限公司, a company established in the PRC, the sole owner and operator of the Qujing Banzhuang Solar Farm, the Qujing Guanqiying Solar Farm, the Qujing Nantoushan Solar Farm and the Qujing Yangjiacun Solar Farm and a wholly-owned subsidiary of Sun Wisdom;
“Xinyun Yunfu”	means Xinyun Renewable Energy (Yunfu) Limited* 信雲新能源(雲浮)有限公司, a company established in the PRC, the sole owner and operator of the Yunfu Solar Farm and a wholly-owned subsidiary of Sky Jumbo;
“XYS 2018 EGM”	means the extraordinary general meeting of Xinyi Solar held on 21 November 2018;

DEFINITIONS

“XYS Controlling Shareholders”	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, S.B.S., Datuk Wira TUNG Ching Bor <i>D.C.S.M</i> , Tan Sri Datuk TUNG Ching Sai <i>P.S.M, D.M.S.M, J.P.</i> , Mr. 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;
“XYS Directors”	means the directors of Xinyi Solar;
“XYS Group”	means Xinyi Solar and its subsidiaries (other than members of the Group);
“XYS Shares”	means the issued shares of Xinyi Solar;
“XYS Solar Farm Announcement”	means the announcement dated 2 November 2018 issued by Xinyi Solar;
“XYS Solar Farm Circular”	means the shareholders’ circular dated 2 November 2018 issued by Xinyi Solar;
“Yunfu Solar Farm”	means Yunfu Solar Farm (雲浮光伏電站), the utility-scale ground-mounted solar farm project located in Yunfu City, Guangdong Province, the PRC with an approved capacity of 100 MW, which is operated and wholly-owned by Xinyun Yunfu;
“Yunfu Solar Farm Agreement”	refers to the sale and purchase agreement dated 28 February 2024 and entered into among Sky Jumbo as vendor, Xinyi Solar and the Purchaser for the disposal of the entire issued share capital of Xinyun Yunfu; and
“%”	denotes as per cent.

* The English translation of Chinese names or words in this circular, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words

For the purpose of this circular, unless the context indicated otherwise, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB0.9084 =HK\$1.0. No representation is made that any amount in RMB and HK\$ can be or could have been converted at the relevant dates at this rate or any other rates at all.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. LEE Shing Put, B.B.S. (Chairman)
Tan Sri Datuk TUNG Ching Sai
P.S.M., D.M.S.M., J.P. (Vice Chairman)
Mr. TUNG Fong Ngai (Chief Executive Officer)
Mr. LEE Yau Ching

Registered office:

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

Independent non-executive Directors:

Mr. LEUNG Ting Yuk
The Hon. IP Kwok Him, G.B.M., G.B.S., J.P.
Ms. LYU Fang

Principal place of business in

Hong Kong:
Unit 2118-2120, 21/F
Rykan Capital Tower
135 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

Principal place of business in the PRC:

No. 102, Meidiya Road
E Qiao Town
Sanshan District
Wuhu City
Anhui Province
China

10 May 2024

To the Shareholders

Dear Sir or Madam

CONNECTED AND DISCLOSEABLE TRANSACTION

**EXERCISE OF CALL OPTION (GROUP 5)
PURSUANT TO THE
SOLAR FARM AGREEMENT
AND THE SOLAR FARM (GROUP 5) AGREEMENTS**

INTRODUCTION

The Board refers to the Solar Farm (Group 5) Joint Announcement in relation to, among others, the exercise of the Call Option (Group 5) by the Company pursuant to the Solar Farm Agreement and

LETTER FROM THE BOARD

the Solar Farm (Group 5) Agreements. On 28 February 2024, the Company delivered to Xinyi Solar the Call Notice (Group 5) to exercise the Call Option (Group 5) pursuant to the terms and conditions of the Solar Farm Agreement and the Solar Farm (Group 5) Agreements.

The purpose of this circular is to provide you with (i) further information on the exercise of the Call Option (Group 5) by the Company pursuant to the Solar Farm Agreement and the Solar Farm (Group 5) Agreements; (ii) a letter of recommendations from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser; and (iv) the Notice of the EGM.

BACKGROUND INFORMATION

The Board refers to the Solar Farm Agreement, pursuant to which Xinyi Solar has granted the Call Option to the Company. In April 2023, the Company had exercised the Call Option (Group 4) and the Solar Farm (Group 4) Transaction was partially completed in the fourth quarter of 2023.

On 28 February 2024, the Company delivered to Xinyi Solar the Call Notice (Group 5) to exercise the Call Option (Group 5) to acquire the Call Right Assets (Group 5) pursuant to the terms and conditions of the Solar Farm Agreement. The Call Right Assets (Group 5) comprise eight utility-scale ground-mounted solar farm projects in the total approved capacity of 790 MW.

On 28 February 2024, the Solar Farm (Group 5) Agreements were entered into in relation to the disposal of the Target Shares (Group 5) for the Call Right Price (Group 5). The Solar Farm (Group 5) Agreements were entered into between the Purchaser, an indirect wholly-owned subsidiary of the Company, Xinyi Solar and four indirect wholly-owned subsidiaries of Xinyi Solar as the respective Vendor to the (a) Kaiping Jinji Solar Farm Agreement; (b) Yunfu Solar Farm Agreement; (c) Qujing Solar Farm Agreement; and (d) Sanshan Gaoan Solar Farm Agreement.

CALL RIGHT PRICE

As disclosed in the XYS Solar Farm Announcement, the XYS Solar Farm Circular and the Prospectus, the Call Right Price under the Solar Farm Agreement shall be determined according to the following:

The Call Right Price is equal to the greater of:

- (a) $(\text{Adjusted EBITDA}^1 \text{ during Designated 12-month of Operation}^2 + \text{Sales revenue value-added tax}) \times 7.2$ (the Implied Multiple) (the “**First Limb**”); and

¹ “**Adjusted EBITDA**” is defined as the consolidated EBITDA after eliminating the effect of the Adjustments, if applicable, for that year. The “Adjustments” refer to adjustments of certain items which are charged or credited to the consolidated income statements for the relevant year, being:

- other gain/(loss), net;
- other income;
- unrealised revaluation gains, including impairment provisions or reversal of impairment provisions;
- impairment of goodwill/recognition of negative goodwill; and
- material non-cash gains/losses.

² “**Designated 12-month of Operation**” shall commence from the first calendar day of the calendar month immediately after the targeted date of completion of the acquisition of the Call Right Assets.

LETTER FROM THE BOARD

- (b) such amount representing one hundred and ten percent (110%) of the actual reasonable and documented construction costs of such Call Right Asset (the “**Second Limb**”).

The Call Right Price will be deducted by such amount representing the net liabilities as of the date of completion of the transaction. If the proposed acquisition of the Call Right Assets is to be conducted by way of acquisition of equity interest in a holding company of the Call Right Assets, the Call Right Price will be deducted by such amount representing the net liabilities, i.e. the amount of debt plus the estimated amount due to suppliers and other payables and plus balance of cash and receivables, of the holding company of the Call Right Assets as of the completion date.

PRINCIPAL TERMS OF THE SOLAR FARM (GROUP 5) AGREEMENTS

Following the exercise of the Call Option (Group 5), the primary purpose of entering into the Solar Farm (Group 5) Agreements is to set forth the specific terms and conditions for the disposal of the Call Right Assets (Group 5). The transactions contemplated under the Solar Farm (Group 5) Agreements will require the approval of the Independent Shareholders. The Solar Farm (Group 5) Agreements are entered into pursuant to the Solar Farm Agreement and the material terms of which are consistent with the Solar Farm Agreement (which has been approved at the XYS 2018 EGM).

The principal terms of the Solar Farm (Group 5) Agreements are set forth below:

1. Kaiping Jinji Solar Farm Agreement

Date: 28 February 2024

Parties:

- (a) Grand Trend, as the vendor;
- (b) Xinyi Solar; and
- (c) the Purchaser, as the purchaser

The Purchaser has conditionally agreed to purchase, and Grand Trend has conditionally agreed to sell the entire issued share capital of Xinjie Wuhu. Xinyi Solar has agreed to procure completion of the reorganisation to the effect that Kaiping Ruide will be the sole wholly-owned subsidiary of Xinjie Wuhu.

Subject matter: All issued shares of Xinjie Wuhu and its wholly-owned subsidiary, Kaiping Ruide.

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**Call Right Assets
(Group 5):**

The Call Right Assets (Group 5) to be acquired under the Kaiping Jinji Solar Farm Agreement are as follows:

Name of the Call Right Assets (Group 5)	Approved capacity (MW)	Name of the direct holding company	Approved Feed-in- Tariff rate (RMB)	Expected time of completion of construction	Time of commencement of operation
Kaiping Jinji Solar Farm (開平金雞光伏電站)	100	Kaiping Ruide	0.453	3rd quarter of 2024	4th quarter of 2022

**Conditions
precedent:**

Completion under the Kaiping Jinji Solar Farm Agreement is subject to the following conditions:

- (a) all representations and warranties made by Grand Trend and Xinyi Solar remaining true, complete and accurate at all times between the date of the Kaiping Jinji Solar Farm Agreement and the Completion Date (Group 5), and Grand Trend and Xinyi Solar having performed all of their obligations required to be performed by the Completion Date (Group 5) thereunder and not been in breach of the Kaiping Jinji Solar Farm Agreement;
- (b) the reorganisation to the effect that Kaiping Ruide is the sole wholly-owned subsidiary of Xinjie Wuhu has been completed;
- (c) the Purchaser having received a PRC legal opinion dated the Completion Date (Group 5) on each of Xinjie Wuhu and Kaiping Ruide confirming, inter alia, its corporate existence, shareholding structure, assets and the validity of its interests in and certain operational aspects and licensing matters of the Call Right Assets (Group 5) under the Kaiping Jinji Solar Farm Agreement in the form and substance satisfactory to the Purchaser;
- (d) the approval by the Independent Shareholders at the EGM of the resolution(s) approving the Kaiping Jinji Solar Farm Agreement and the exercise of the Call Option (Group 5) pursuant to the Solar Farm Agreement and the Kaiping Jinji Solar Farm Agreement; and
- (e) all internal and external approvals required by the parties to the Kaiping Jinji Solar Farm Agreement for the execution, delivery and performance of the Kaiping Jinji Solar Farm Agreement (including the shareholders approvals of Xinjie Wuhu having been obtained).

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If any of the above conditions has not been satisfied in accordance with the Kaiping Jinji Solar Farm Agreement at or before 1:00 p.m. on or before the Completion Date (Group 5), then unless Grand Trend and the Purchaser agree otherwise in writing, the Completion Date (Group 5) shall be postponed to the Long-stop Date (Group 5).

If any of the above conditions has not been satisfied in accordance with the Kaiping Jinji Solar Farm Agreement at or before 1:00 p.m. on or before the Long-stop Date (Group 5), then unless Grand Trend and the Purchaser agree otherwise in writing, the Kaiping Jinji Solar Farm Agreement shall be terminated, and neither parties to the Kaiping Jinji Solar Farm Agreement shall have any claim or cause of action against the other, save for any antecedent breach and the return of the Call Right Price (Group 5) (to the extent paid by the Purchaser) by Grand Trend to the Purchaser within five (5) business days after determination of the Kaiping Jinji Solar Farm Agreement.

As of the Latest Practicable Date, none of the above conditions has been satisfied.

Governing Law: The laws of the PRC.

2. Yunfu Solar Farm Agreement

Date: 28 February 2024

Parties:

- (a) Sky Jumbo, as the vendor;
- (b) Xinyi Solar; and
- (c) the Purchaser, as the purchaser

The Purchaser has conditionally agreed to purchase, and Sky Jumbo has conditionally agreed to sell the entire issued share capital of Xinyun Yunfu.

Subject matter: All issued shares of Xinyun Yunfu.

Call Right Assets (Group 5): The Call Right Assets (Group 5) to be acquired under the Yunfu Solar Farm Agreement are as follows:

Name of the Call Right Assets (Group 5)	Approved capacity	Name of the direct holding company	Approved Feed-in- Tariff rate	Expected time of completion of construction	Time of commencement of operation
	<i>(MW)</i>		<i>(RMB)</i>		
Yunfu Solar Farm (雲浮光伏電站)	100	Xinyun Yunfu	0.453	3rd quarter of 2024	4th quarter of 2021

LETTER FROM THE BOARD

Conditions precedent:

Completion under the Yunfu Solar Farm Agreement is subject to the following conditions:

- (a) all representations and warranties made by Sky Jumbo and Xinyi Solar remaining true, complete and accurate at all times between the date of the Yunfu Solar Farm Agreement and the Completion Date (Group 5), and Sky Jumbo and Xinyi Solar having performed all of their obligations required to be performed by the Completion Date (Group 5) thereunder and not been in breach of the Yunfu Solar Farm Agreement;
- (b) the Purchaser having received a PRC legal opinion dated the Completion Date (Group 5) on Xinyun Yunfu confirming, inter alia, its corporate existence, shareholding structure, assets and the validity of its interests in and certain operational aspects and licensing matters of the Call Right Assets (Group 5) under the Yunfu Solar Farm Agreement in the form and substance satisfactory to the Purchaser;
- (c) the approval by the Independent Shareholders at the EGM of the resolution(s) approving the Yunfu Solar Farm Agreement and the exercise of the Call Option (Group 5) pursuant to the Solar Farm Agreement and the Yunfu Solar Farm Agreement; and
- (d) all internal and external approvals required by the parties to the Yunfu Solar Farm Agreement for the execution, delivery and performance of the Yunfu Solar Farm Agreement (including the shareholders approvals of Xinyun Yunfu having been obtained).

If any of the above conditions has not been satisfied in accordance with the Yunfu Solar Farm Agreement at or before 1:00 p.m. on or before the Completion Date (Group 5), then unless Sky Jumbo and the Purchaser agree otherwise in writing, the Completion Date (Group 5) shall be postponed to the Long-stop Date (Group 5).

If any of the above conditions has not been satisfied in accordance with the Yunfu Solar Farm Agreement at or before 1:00 p.m. on or before the Long-stop Date (Group 5), then unless Sky Jumbo and the Purchaser agree otherwise in writing, the Yunfu Solar Farm Agreement shall be terminated, and neither parties to the Yunfu Solar Farm Agreement shall have any claim or cause of action against the other, save for any antecedent breach and the return of the Call Right Price (Group 5) (to the extent paid by the Purchaser) by Sky Jumbo to the Purchaser within five (5) business days after determination of the Yunfu Solar Farm Agreement.

As of the Latest Practicable Date, none of the above conditions has been satisfied.

Governing Law:

The laws of the PRC.

LETTER FROM THE BOARD

3. Qujing Solar Farm Agreement

Date: 28 February 2024

Parties: (a) Sun Wisdom, as the vendor;
 (b) Xinyi Solar; and
 (c) the Purchaser, as the purchaser

The Purchaser has conditionally agreed to purchase, and Sun Wisdom has conditionally agreed to sell the entire issued share capital of Xinyun Qujing.

Subject matter: All issued shares of Xinyun Qujing and its wholly-owned subsidiaries, Qujing Yingli and Qujing Qiushou.

Call Right Assets (Group 5): The Call Right Assets (Group 5) to be acquired under the Qujing Solar Farm Agreement are as follows:

Name of the Call Right Assets (Group 5)	Approved capacity	Name of the direct holding company	Approved Feed-in- Tariff rate	Time of completion of construction	Time of commencement of operation
	(MW)		(RMB)		
Qujing Banzhuang Solar Farm (曲靖班莊光伏電站)	150	Xinyun Qujing	0.3134	4th quarter of 2023	4th quarter of 2023
Qujing Guanqiyang Solar Farm (曲靖關旗營光伏電站)	100	Xinyun Qujing	0.3134	4th quarter of 2023	4th quarter of 2023
Qujing Nantoushan Solar Farm (曲靖南頭山光伏電站)	100	Xinyun Qujing	0.3358	3rd quarter of 2023	3rd quarter of 2023
Qujing Yangjiacun Solar Farm (曲靖楊家村光伏電站)	200	Xinyun Qujing	0.3134	4th quarter of 2023	4th quarter of 2023
Qujing Yingli Solar Farm (曲靖英利光伏電站)	10	Qujing Yingli	0.3358	2nd quarter of 2016	2nd quarter of 2016
Total	560				

LETTER FROM THE BOARD

Conditions precedent:

Completion under the Qujing Solar Farm Agreement is subject to the following conditions:

- (a) all representations and warranties made by Sun Wisdom and Xinyi Solar remaining true, complete and accurate at all times between the date of the Qujing Solar Farm Agreement and the Completion Date (Group 5), and Sun Wisdom and Xinyi Solar having performed all of their obligations required to be performed by the Completion Date (Group 5) thereunder and not been in breach of the Qujing Solar Farm Agreement;
- (b) the Purchaser having received a PRC legal opinion dated the Completion Date (Group 5) on each of Xinyun Qujing, Qujing Yingli and Qujing Qiushou confirming, inter alia, its corporate existence, shareholding structure, assets and the validity of its interests in and certain operational aspects and licensing matters of the Call Right Assets (Group 5) under the Qujing Solar Farm Agreement in the form and substance satisfactory to the Purchaser;
- (c) the approval by the Independent Shareholders at the EGM of the resolution(s) approving the Qujing Solar Farm Agreement and the exercise of the Call Option (Group 5) pursuant to the Solar Farm Agreement and the Qujing Solar Farm Agreement; and
- (d) all internal and external approvals required by the parties to the Qujing Solar Farm Agreement for the execution, delivery and performance of the Qujing Solar Farm Agreement (including the shareholders approvals of Xinyun Qujing having been obtained).

If any of the above conditions has not been satisfied in accordance with the Qujing Solar Farm Agreement at or before 1:00 p.m. on or before the Completion Date (Group 5), then unless Sun Wisdom and the Purchaser agree otherwise in writing, the Completion Date (Group 5) shall be postponed to the Long-stop Date (Group 5).

If any of the above conditions has not been satisfied in accordance with the Qujing Solar Farm Agreement at or before 1:00 p.m. on or before the Long-stop Date (Group 5), then unless Sun Wisdom and the Purchaser agree otherwise in writing, the Qujing Solar Farm Agreement shall be terminated, and neither parties to the Qujing Solar Farm Agreement shall have any claim or cause of action against the other, save for any antecedent breach and the return of the Call Right Price (Group 5) (to the extent paid by the Purchaser) by Sun Wisdom to the Purchaser within five (5) business days after determination of the Qujing Solar Farm Agreement.

As of the Latest Practicable Date, none of the above conditions has been satisfied.

Governing Law:

The laws of the PRC.

LETTER FROM THE BOARD

4. Sanshan Gaoan Solar Farm Agreement

Date: 28 February 2024

Parties: (a) Rise Trend, as the vendor;
(b) Xinyi Solar; and
(c) the Purchaser, as the purchaser

The Purchaser has conditionally agreed to purchase, and Rise Trend has conditionally agreed to sell the entire issued share capital of Xintu Wuhu.

Subject matter: All issued shares of Xintu Wuhu.

Call Right Assets (Group 5): The Call Right Assets (Group 5) to be acquired under the Sanshan Gaoan Solar Farm Agreement are as follows:

Name of the Call Right Assets (Group 5)	Approved capacity	Name of the direct holding company	Approved Feed-in-Tariff rate	Expected time of completion of construction	Time of commencement of operation
	<i>(MW)</i>		<i>(RMB)</i>		
Sanshan Gaoan Solar Farm (三山高安光伏电站)	30	Xintu Wuhu	0.3844	2nd quarter of 2024	4th quarter of 2023

Conditions precedent: Completion under the Sanshan Gaoan Solar Farm Agreement is subject to the following conditions:

- (a) all representations and warranties made by Rise Trend and Xinyi Solar remaining true, complete and accurate at all times between the date of the Sanshan Gaoan Solar Farm Agreement and the Completion Date (Group 5), and Rise Trend and Xinyi Solar having performed all of their obligations required to be performed by the Completion Date (Group 5) thereunder and not been in breach of the Sanshan Gaoan Solar Farm Agreement;
- (b) the Purchaser having received a PRC legal opinion dated the Completion Date (Group 5) on Xintu Wuhu confirming, inter alia, its corporate existence, shareholding structure, assets and the validity of its interests in and certain operational aspects and licensing matters of the Call Right Assets (Group 5) under the Sanshan Gaoan Solar Farm Agreement in the form and substance satisfactory to the Purchaser;

LETTER FROM THE BOARD

- (c) the approval by the Independent Shareholders at the EGM of the resolution(s) approving the Sanshan Gaoan Solar Farm Agreement and the exercise of the Call Option (Group 5) pursuant to the Solar Farm Agreement and the Sanshan Gaoan Solar Farm Agreement; and
- (d) all internal and external approvals required by the parties to the Sanshan Gaoan Solar Farm Agreement for the execution, delivery and performance of the Sanshan Gaoan Solar Farm Agreement (including the shareholders approvals of Xintu Wuhu having been obtained).

If any of the above conditions has not been satisfied in accordance with the Sanshan Gaoan Solar Farm Agreement at or before 1:00 p.m. on or before the Completion Date (Group 5), then unless Rise Trend and the Purchaser agree otherwise in writing, the Completion Date (Group 5) shall be postponed to the Long-stop Date (Group 5).

If any of the above conditions has not been satisfied in accordance with the Sanshan Gaoan Solar Farm Agreement at or before 1:00 p.m. on or before the Long-stop Date (Group 5), then unless Rise Trend and the Purchaser agree otherwise in writing, the Sanshan Gaoan Solar Farm Agreement shall be terminated, and neither parties to the Sanshan Gaoan Solar Farm Agreement shall have any claim or cause of action against the other, save for any antecedent breach and the return of the Call Right Price (Group 5) (to the extent paid by the Purchaser) by the Rise Trend to the Purchaser within five (5) business days after determination of the Sanshan Gaoan Solar Farm Agreement.

As of the Latest Practicable Date, none of the above conditions has been satisfied.

Governing Law: The laws of the PRC.

LETTER FROM THE BOARD

Financial Information on the Target Members (Group 5)

Based on the unaudited combined financial information of the Target Members (Group 5) for the year ended 31 December 2023, the unaudited combined total asset and net asset of the Target Members (Group 5) as of 31 December 2023 amounted to HK\$2,152.1 million and HK\$243.4 million, respectively. As of 31 January 2024, the unaudited combined total asset and net asset of the Target Members (Group 5) amounted to HK\$2,171.4 million and HK\$255.5 million, respectively. The unaudited combined financial information of the Target Members (Group 5) for the two years ended 31 December 2023 and the one month ended 31 January 2024 is as follows:

	Year ended 31 December		One month ended
	2022	2023	31 January
	(HK\$'000)	(HK\$'000)	2024
	(Unaudited)	(Unaudited)	(Unaudited)
Net profit before tax	1,378	7,295	10,150
Net profit after tax	1,402	7,065	10,130
Net profit after tax attributable to equity owners	1,402	7,065	10,130

As of the Latest Practicable Date, each of the Target Members (Group 5) is an indirect wholly-owned subsidiary of Xinyi Solar. Upon completion of the transactions contemplated under the Solar Farm (Group 5) Agreements, each of the Target Members (Group 5) will become a wholly-owned subsidiary of the Company. As the Company is a non-wholly owned subsidiary of Xinyi Solar, each of the Target Members (Group 5) will change to be a non-wholly owned subsidiary of Xinyi Solar.

Call Right Price of the Solar Farm (Group 5) Agreements

The Call Right Price (Group 5) is determined according to the terms of the Solar Farm Agreement and the Solar Farm (Group 5) Agreements.

The Directors have reviewed the formula in determining the Call Right Price (Group 5) and confirm that the Call Right Price (Group 5) would be determined according to the Second Limb.

As of the Latest Practicable Date, the Call Right Price (Group 5) has been estimated by Xinyi Solar and the Company to be RMB475.0 million (equivalent to HK\$522.9 million).

LETTER FROM THE BOARD

Adjustments to the Call Right Price (Group 5)

For the purpose of determining the Call Right Price (Group 5), the relevant Vendor under the Solar Farm (Group 5) Agreements shall provide to the Purchaser:

- (a) the unaudited combined accounts of the relevant Target Members (Group 5) (the “**Provisional Closing Accounts**”) as of the close of business on the last day of the previous month prior to the Completion Date (Group 5) *on or before* the Completion Date (Group 5); and
- (b) the unaudited combined accounts of the relevant Target Members (Group 5) (the “**Closing Accounts**”) as of the close of business on the Completion Date (Group 5) within ten (10) business days *after* the Completion Date (Group 5).

The Provisional Closing Accounts and the Closing Accounts shall be prepared by the relevant Target Members (Group 5) to the satisfaction of the Purchaser.

Payment Terms of the Solar Farm (Group 5) Agreements

The Purchaser in each of the Solar Farm (Group 5) Agreements shall pay:

- (a) 90% of the Call Right Price (Group 5) (as determined on the basis of the Provisional Closing Accounts of each Solar Farm (Group 5) Agreements) on the Completion Date (Group 5);
- (b) any shortfall between the Call Right Price (Group 5) (as determined under (a) above) and the Call Right Price (Group 5) (as determined on the basis of the Closing Accounts of each Solar Farm (Group 5) Agreements) within fifteen (15) business days after the Completion Date (Group 5); and
- (c) the remaining 10% of the Call Right Price (Group 5) (on the basis of the Closing Accounts of each Solar Farm (Group 5) Agreements) within twelve (12) months after the Completion Date (Group 5).

As of 31 December 2023, the Group has unutilised banking facilities amounted to approximately HK\$1.0 billion. The Directors plan to finance the settlement of the final Call Right Price (Group 5) out of its internal financial resources and the external financial resources.

Completion Date of the Solar Farm (Group 5) Agreements

The Completion Date (Group 5) is on a business day (a) on or before 28 February 2025 or (b) such other date as the relevant Vendor and the Purchaser may agree in writing, but in any event shall not be later than the first anniversary of the date of the Call Notice (Group 5).

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE EXERCISE OF CALL OPTION (GROUP 5) AND THE ENTERING INTO OF THE SOLAR FARM (GROUP 5) AGREEMENTS

In relation to the Company

The Solar Farm Agreement is an integral part of the spin-off of the Company from Xinyi Solar for the purpose of establishing a clear business delineation. The Solar Farm (Group 5) Agreements have been entered into for the purpose of acquiring the Call Right Assets (Group 5) by the Company pursuant to the Solar Farm Agreement and the Solar Farm (Group 5) Agreements.

The Directors have considered the following factors in deciding whether or not to exercise the Call Option (Group 5):

- (i) *The location, approved capacity, the Feed-in-Tariff rates and technical aspects of the solar farm projects developed and constructed by Xinyi Solar*

One of the Group's growth strategies is to acquire construction substantially completed and grid-connected solar farm assets from Xinyi Solar and the Independent Third Parties, with a focus on acquiring long-term contracted solar farm projects with proven technologies, low operating risks and stable cash flows in geographically diverse locations with growing demand for electricity. The acquisition of the Call Right Assets (Group 5) from Xinyi Solar would strengthen the Group's business presence in Guangdong Province, Yunnan Province and Anhui Province, and provide the Company with an opportunity to enhance its project as source of revenue. In addition, the approved capacity of the Call Right Assets (Group 5) is also consistent with the planned growth strategy of the Group.

The Directors are also satisfied that these solar farm projects will continue to meet the technical requirements of the Group on the Completion Date (Group 5).

- (ii) *The industry outlook and performance and growth opportunities of the solar farm industry in the PRC*

The PRC government has issued the "Notice on Further Effectively Conducting the Work Concerning Exclusion of Newly Added Renewable Energy Consumption from the Total Amount of Energy Consumption" (《關於進一步做好新增可再生能源消費不納入能源消費總量控制有關工作的通知》) in the second half of 2022 and the "Notice of Effectively Completing the Full Coverage of Renewable Energy Green Electricity Certificates to Promote Renewable Electricity Consumption" (《做好可再生能源綠色電力證書全覆蓋工作促進可再生能源電力消費的通知》) in the second half of 2023. With all these policy initiatives, the Directors expect that the demand for solar power, which is the most important kind of renewable energy developed in the PRC, will continue to increase. This industry trend will continue to boost the demand for the solar farm projects.

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 the XYX Directors, each of them has abstained from voting on the resolutions for considering and approving the entering into of the Solar Farm (Group 5) Agreements and the exercise of the Call Option (Group 5) pursuant to the Solar Farm Agreement and the Solar Farm (Group 5) Agreements.

LETTER FROM THE BOARD

The Directors (including the members of the Acquisition Committee but excluding the independent non-executive Directors who will express their opinion after considering the advice from the Independent Financial Adviser) consider that it will be in the Company's interests and the interest of the Shareholders to continue to source construction completed and grid-connected utility-scale ground-mounted solar farm projects from the YYS Group. Given the Company's established relationship with Xinyi Solar, its experience, market position, and the fact that Xinyi Solar is the Company's holding company, the Directors (including the members of the Acquisition Committee but excluding the independent non-executive Directors who will express their opinion after considering the advice from the Independent Financial Adviser) further consider that the terms of the Solar Farm (Group 5) Agreements (including the amount of Call Right Price (Group 5)) are fair and reasonable and it would be in the Company's interests and the interests of the Shareholders to exercise the Call Option (Group 5) and enter into the Solar Farm (Group 5) Agreements.

In relation to Xinyi Solar

Upon completion pursuant to the Solar Farm (Group 5) Agreements, each of the Target Members (Group 5) will change from being wholly-owned subsidiaries of Xinyi Solar to non-wholly owned subsidiaries of Xinyi Solar and their financial results will continue to be consolidated into that of the YYS Group. Any difference between the fair value of the Call Right Price (Group 5) and the amount by which the non-controlling interest of the Target Members (Group 5) is adjusted as a result of completion of the Solar Farm (Group 5) Agreements and is recognised in equity attributable to the relevant Vendor. Based on the latest estimated Call Right Price (Group 5) as of the Latest Practicable Date, the YYS Group will recognise a net increase in equity attributable to owners of the Xinyi Solar of HK\$125.8 million. However, the actual financial impact will depend on the final amount of the Call Right Price (Group 5) and the carrying amount of the net assets of the Target Members (Group 5) as of the Completion Date (Group 5). The proceeds from disposal of the Call Right Assets (Group 5) are expected to be used in selected existing business of the YYS Group, i.e. solar glass production capacity expansion, development and construction of solar farm projects as well as general working capital.

As Mr. LEE Shing Put, B.B.S., Tan Sri Datuk TUNG Ching Sai *J.P.*, and Mr. LEE Yau Ching are currently the Directors, and Dr. LEE Yin Yee, S.B.S. and Mr. LI Man Yin has interests in the share capital of the Company, each of them has abstained from voting on the resolutions for considering and approving the entering into of the Solar Farm (Group 5) Agreements. Excluding the YYS Directors who have abstained from voting, the YYS Directors (including the independent non-executive YYS Directors) consider that the terms of the Solar Farm (Group 5) Agreements (including the amount of the Call Right Price (Group 5)) are fair and reasonable and that the disposal of the Call Right Assets (Group 5) and the entering into of the Solar Farm (Group 5) Agreements are beneficial to the YYS Group and the shareholders of Xinyi Solar as it provides a well-defined approach for the YYS Group to dispose of the construction completed and grid connected utility-scale ground-mounted solar farm projects developed or constructed by it at prices which are negotiated on an arm's length basis upon normal commercial terms and in the ordinary and usual course of business of the YYS Group. In addition, as the Company is a non-wholly owned subsidiary of Xinyi Solar, this will enable Xinyi Solar to continue to share the revenue and profit from the electricity generated from the solar farm projects after the disposal.

LETTER FROM THE BOARD

INFORMATION ON THE COMPANY, THE PURCHASER, XINYI SOLAR AND THE VENDORS

The Company and the Purchaser

The 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 Group and under its management. Established and spun-off from Xinyi Solar, the Group owns and operates utility-scale ground-mounted solar farm projects initially developed and constructed by Xinyi Solar. The Purchaser is an indirect wholly-owned subsidiary of the Company and is principally engaged in the management and operation of solar farm in the PRC. As of the Latest Practicable Date, the Company and its subsidiaries are indirect non-wholly owned subsidiaries of Xinyi Solar.

Xinyi Solar and the Vendors

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. Each of the Vendors is an indirect wholly-owned subsidiary of Xinyi Solar and is an investment holding company. As of the Latest Practicable Date, Xinyi Solar is owned as to 49.56% by the XYS Controlling Shareholders and their respective associates and 50.44% by members of the public.

IMPLICATIONS UNDER THE LISTING RULES

In relation to the Company

As the Solar Farm (Group 4) Agreement and the Solar Farm (Group 5) Agreements were entered into by a member of the Group (as purchaser) and a member of the XYS Group (as vendor) and that the Solar Farm (Group 4) Agreement was entered into within the 12-month period immediately preceding the Solar Farm (Group 5) Agreements, the Solar Farm (Group 4) Transaction and the transactions contemplated under the Solar Farm (Group 5) Agreements should be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules for the purpose of determining the implications under the Listing Rules.

The highest applicable percentage ratio (as defined under the Listing Rules) in relation to the exercise of the Call Option (Group 5) is (a) if aggregated with the exercise of the Call Option (Group 4) for the purpose of the Listing Rules, more than 5% but less than 25% and (b) more than 5% but less than 25% on a stand-alone basis. As such, the exercise of the Call Option (Group 5) would be subject to the reporting and announcement requirements under Chapters 14 and 14A of the Listing Rules and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. LEE Shing Put, B.B.S., Tan Sri Datuk TUNG Ching Sai *J.P.* and Mr. LEE Yau Ching are currently the XYS Directors, they are considered to be materially interested in the relevant board resolutions to approve the entering into of the Solar Farm (Group 5) Agreements and the exercise of the Call Option (Group 5) pursuant to the Solar Farm Agreement and the Solar Farm (Group 5)

LETTER FROM THE BOARD

Agreements. Accordingly, Mr. LEE Shing Put, B.B.S., Tan Sri Datuk TUNG Ching Sai *J.P.* and Mr. LEE Yau Ching have abstained from voting on the said board resolutions at the meeting of the Board. No other Directors have abstained from voting on the relevant board resolutions of the Company.

In relation to Xinyi Solar

As of the Latest Practicable Date, Xinyi Solar owns 51.60% of the equity interest in the Company and remains the single largest shareholder of the Company. The Company continues to be a non-wholly owned subsidiary of Xinyi Solar. As of the Latest Practicable Date, the YYS Controlling Shareholders and their respective associates are interested in 49.56% of the YYS Shares and are also interested in 23.78% of the Shares. Accordingly, the Company is a connected subsidiary of Xinyi Solar under Chapter 14A of the Listing Rules.

As the Solar Farm (Group 4) Agreement and the Solar Farm (Group 5) Agreements were entered into by a member of the Group (as purchaser) and a member of the YYS Group (as vendor) and that the Solar Farm (Group 4) Agreement was entered into within the 12-month period immediately preceding the Solar Farm (Group 5) Agreements, the Solar Farm (Group 4) Transaction and the transactions contemplated under the Solar Farm (Group 5) Agreements should be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules for the purpose of determining the implications under the Listing Rules.

The highest applicable percentage ratio (as defined under the Listing Rules) in relation to the disposal of the Call Right Assets (Group 5) is (a) if aggregated with the disposal of the Call Right Assets (Group 4) for the purpose of the Listing Rules, more than 5% but less than 25% and (b) less than 5% on a stand-alone basis. As there has been no change in the terms and conditions of the Solar Farm Agreement since its approval by the YYS Independent Shareholders at the YYS 2018 EGM and that the exercise of the Call Option remains at the Company's discretion, the disposal of the Call Right Assets (Group 5) is subject to the reporting and announcement requirements under Chapters 14 and 14A of the Listing Rules but is exempted from re-complying with the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Solar Farm Agreement has been approved at the YYS 2018 EGM.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 28 May 2024 to Friday, 31 May 2024 (both days inclusive) during which period no transfer of Shares will be registered. In order to determine the entitlement to attend and vote at the EGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 27 May 2024.

LETTER FROM THE BOARD

EGM

The EGM will be held at 21/F, Rykadan Capital Tower, 135 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong on Friday, 31 May 2024 at 9:00 a.m., for the purpose of considering and, if thought fit, approving the entering into of the Solar Farm (Group 5) Agreements and the exercise of the Call Option (Group 5) pursuant to the Solar Farm Agreement and the Solar Farm (Group 5) Agreements.

The Notice of the EGM is set forth on pages 60 to 61 of this circular.

Shareholders are advised to read the Notice of the EGM and if you are not able to attend the EGM or its adjournment (as the case may be) in person but wish to exercise your right as a Shareholder, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding the EGM (i.e. not later than Wednesday, 29 May 2024 at 9:00 a.m. (Hong Kong time) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

As of the Latest Practicable Date, the Controlling Shareholders and their respective associates were interested in 69.93% of the issued share capital of the Company. The Controlling Shareholders and their respective associates (excluding Xinyi Solar) were also interested in 26.17% of the issued share capital of Xinyi Solar as of the Latest Practicable Date. The Controlling Shareholders and their respective associates have indicated that they would abstain from voting at the EGM.

Save as disclosed above, to the best of knowledge, information and belief having made all reasonable enquiries by the Directors, no other Shareholders or any of their associates has a material interest in the entering into of the Solar Farm (Group 5) Agreements and the exercise of the Call Option (Group 5) pursuant to the Solar Farm Agreement and the Solar Farm (Group 5) Agreements and hence, no other Shareholders would be required to abstain from voting on the relevant resolution(s) to be proposed at the EGM.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the meeting will therefore demand a poll for the ordinary resolution(s) put to the vote at the EGM pursuant to Article 66 of the Memorandum and Articles of Association of the Company and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. LEUNG Ting Yuk, The Hon. IP Kwok Him, G.B.M., G.B.S., J.P., and Ms. LYU Fang, has been established to advise the Independent Shareholders in respect of the entering into of the Solar Farm (Group 5) Agreements and the exercise of Call Option (Group 5) pursuant to the Solar Farm Agreement and the Solar Farm (Group 5) Agreements. Quam Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders set forth on pages 28 to 29 of this circular and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which is set forth on pages 30 to 54 of this circular containing their advice and recommendation to the Independent Board Committee and the Independent Shareholders regarding the entering into of the Solar Farm (Group 5) Agreements and the exercise of the Call Option (Group 5) pursuant to the Solar Farm Agreement and the Solar Farm (Group 5) Agreements as well as the principal factors and reasons taken into consideration in arriving at their advice.

TYPHOON AND RAINSTORM ARRANGEMENTS

In case Typhoon Signal No. 8 or above is hoisted, or a Black Rainstorm Warning Signal or “extreme conditions” caused by super typhoons announced by the Government is/are in force in Hong Kong at or at any time after 7:00 a.m. on the date of the EGM, the EGM will be adjourned. The Company will post an announcement on the websites of the Company (www.xinyienergy.com) and the Stock Exchange (www.hkexnews.hk) to notify Shareholders of the date, time and place of the adjourned meeting.

The EGM will be held as scheduled when an Amber or Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the EGM under bad weather conditions bearing in mind their own situation.

RECOMMENDATION OF THE BOARD

Having taken into account the factors as disclosed in the section headed “Reasons for and benefits of the exercise of Call Option (Group 5) and the entering into of the Solar Farm (Group 5) Agreements” above, the Directors (including members of the Acquisition Committee and the Independent Board Committee having taken into account the advice of the Independent Financial Adviser) consider that the exercise of the Call Option (Group 5) pursuant to the Solar Farm Agreement and the Solar Farm (Group 5) Agreements and the terms of the Solar Farm (Group 5) Agreements (including the amount of Call Right Price (Group 5)) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the entering into of the Solar Farm (Group 5) Agreements and the exercise of the Call Option (Group 5) pursuant to the Solar Farm Agreement and the Solar Farm (Group 5) Agreements.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the general information as set forth in the appendix to this circular.

Yours faithfully
For and on behalf of the Board of
Xinyi Energy Holdings Limited
TUNG Fong Ngai
Executive Director and
Chief Executive Officer



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)

10 May 2024

To the Independent Shareholders

Dear Sir or Madam

CONNECTED AND DISCLOSEABLE TRANSACTION

**EXERCISE OF CALL OPTION (GROUP 5)
PURSUANT TO THE
SOLAR FARM AGREEMENT
AND THE SOLAR FARM (GROUP 5) AGREEMENTS**

We refer to the circular of the Company dated 10 May 2024 (the “**Circular**”) despatched to the Shareholders of which this letter forms part. Unless the context requires otherwise, terms and expressions defined or adopted in the Circular shall have the same respective meanings in this letter.

We have been appointed by the Board to advise the Independent Shareholders in respect of the entering into of the Solar Farm (Group 5) Agreements and the exercise of the Call Option (Group 5) pursuant to the Solar Farm Agreement and the Solar Farm (Group 5) Agreements, details of which are set forth in the “Letter from the Board” contained in the Circular. Quam Capital Limited has been appointed as the Independent Financial Adviser.

We wish to draw your attention to the “Letter from the Board” as set forth on pages 9 to 27 of the Circular and the “Letter from the Independent Financial Adviser” as set forth on pages 30 to 54 of the Circular.

Having taken into account the terms of the Solar Farm (Group 5) Agreements, the principal factors and reasons considered by the Independent Financial Adviser, its conclusion and advice, we consider that the terms of the Solar Farm (Group 5) Agreements (including the amount of Call Right Price (Group 5)) and the exercise of the Call Option (Group 5) pursuant to the Solar Farm Agreement and the Solar Farm (Group 5) Agreements are on normal commercial terms or better and in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Shareholders to vote in favour of the ordinary resolution(s) (the text of which is contained in the Notice of the EGM) to be proposed at the EGM to approve the entering into of the Solar Farm (Group 5) Agreements and the exercise of the Call Option (Group 5) pursuant to the Solar Farm Agreement and the Solar Farm (Group 5) Agreements.

Yours faithfully
Independent Board Committee
Xinyi Energy Holdings Limited

Mr. LEUNG Ting Yuk

**The Hon. IP Kwok Him,
G.B.M., G.B.S., J.P.**

Ms. LYU Fang

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Quam Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the exercise of the Call Option (Group 5) pursuant to the Solar Farm Agreement and the Solar Farm (Group 5) Agreements, which has been prepared for the purpose of incorporation in this circular.



10 May 2024

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

CONNECTED AND DISCLOSEABLE TRANSACTION

EXERCISE OF CALL OPTION (GROUP 5) PURSUANT TO THE SOLAR FARM AGREEMENT AND THE SOLAR FARM (GROUP 5) AGREEMENTS

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of entering into of the Solar Farm (Group 5) Agreements and the exercise of the Call Option (Group 5) for the acquisition of the Call Right Assets (Group 5) pursuant to the Solar Farm Agreement and the Solar Farm (Group 5) Agreements (the “**Proposed Target Acquisition**”), details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 10 May 2024 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 28 February 2024, the Company delivered the Call Notice (Group 5) to Xinyi Solar to exercise the Call Option (Group 5) for the acquisition of the Call Right Assets (Group 5) pursuant to the terms and conditions of the Solar Farm Agreement and the Solar Farm (Group 5) Agreements. On 28 February 2024, the Purchaser, an indirect wholly-owned subsidiary of the Company, and four indirect wholly-owned subsidiaries of Xinyi Solar as the respective Vendor, entered into the Solar Farm (Group 5) Agreements, pursuant to which the Purchaser has conditionally agreed to purchase, and each of the Vendors has conditionally agreed to sell, the Target Shares (Group 5) under the terms and conditions of the Solar Farm Agreement and the Solar Farm (Group 5) Agreements for the Call Right Price (Group 5) with adjustments.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As each of the Solar Farm (Group 4) Agreement and the Solar Farm (Group 5) Agreements was entered into by a member of the Group (as purchaser) and a member of the YYS Group (as vendor) and that the Solar Farm (Group 4) Agreement was completed within the 12-month period immediately preceding the date of the Solar Farm (Group 5) Agreements, the Solar Farm (Group 4) Transaction and the transactions contemplated under the Solar Farm (Group 5) Agreements should be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules for the purpose of determining the implications under the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in relation to the exercise of the Call Option (Group 5) is (a) if aggregated with the exercise of the Call Option (Group 4) for the purpose of the Listing Rules, more than 5% but less than 25%; and (b) more than 5% but less than 25% on a stand-alone basis. As such, the Proposed Target Acquisition constitutes a discloseable transaction for the Company.

Each of the Vendors is a connected person of the Company by virtue of the fact that (i) Xinyi Solar was interested in 51.60% of the issued share capital of the Company as at the Latest Practicable Date; (ii) the YYS Controlling Shareholders and their respective associates were interested in 49.56% of the issued share capital of Xinyi Solar and were also interested in 23.78% of the issued share capital of the Company as at the Latest Practicable Date; and (iii) each of the Vendors is an indirect wholly-owned subsidiary of Xinyi Solar. Accordingly, the Proposed Target Acquisition also constitutes a connected transaction for the Company and is subject to reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The EGM will be convened and held for the purpose to consider and, if thought fit, to approve the Proposed Target Acquisition.

The Controlling Shareholders have indicated that they would abstain from voting at the EGM. Save as disclosed above, to the best of knowledge, information and belief having made all reasonable enquiries by the Directors, no other Shareholders or any of their associates has a material interest in the Proposed Target Acquisition and hence, no other Shareholders would be required to abstain from voting on the relevant resolution to be proposed at the EGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. LEUNG Ting Yuk, The Hon. IP Kwok Him, G.B.M., G.B.S., J.P. and Ms. LYU Fang, has been established to advise the Independent Shareholders in respect of the Proposed Target Acquisition. We have been appointed as an independent financial adviser to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

As at the Latest Practicable Date, Quam Capital Limited did not have any relationships with or interests in the Company, the Purchaser, the Vendors or the Target Members (Group 5) or any of their respective ultimate beneficial owners which could reasonably be regarded as relevant to our independence. We have acted as the independent financial adviser to the Company with regard to (i) the entering into of the Solar Farm (Group 4) Agreement and the exercise of the Call Option (Group 4) for the acquisition of the Call Right Assets (Group 4) pursuant to the Solar Farm Agreement and the Solar Farm (Group 4) Agreement, details of which are set out in the circular of the Company dated

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

17 May 2023; and (ii) the entering into of the sale and purchase agreement dated 11 April 2022 (the “**Solar Farm (Group 3) Agreement**”) and the exercise of the call option for the acquisition of four solar farms pursuant to the Solar Farm Agreement and the Solar Farm (Group 3) Agreement, details of which are set out in the circular of the Company dated 13 May 2022. Save for aforesaid engagement, we have not acted as independent financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Apart from normal professional fees paid or payable to us in connection with this appointment as the independent financial adviser, no arrangements exist whereby we had received any fees or benefits from the aforesaid companies. Accordingly, we are qualified to give an independent advice in respect of the Proposed Target Acquisition.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on, among other things, (i) the information and facts contained or referred to in the Circular; (ii) the information provided by the Company; (iii) the opinions expressed by and the representations of the Directors and the management of the Group (the “**Management**”); and (iv) our review of the relevant public information.

We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Management. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position, financial forecast or future prospects of the Group or the Target Members (Group 5).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have considered the following principal factors and reasons:

1. Background information of the Group

The Company has been listed on the Main Board of the Stock Exchange since 28 May 2019. As stated in the Letter from the Board, the 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 Group and under its management. Established and spun-off from Xinyi Solar, the Group owns and operates utility-scale ground-mounted solar farm projects initially developed and constructed by Xinyi Solar. The Company and its subsidiaries are indirect non-wholly owned subsidiaries of Xinyi Solar.

1.1 Business of the Group

The Group is principally engaged in the solar farm operation business in the PRC. The business model is to acquire, own, and manage a portfolio of solar farm projects and sell the electricity to state-owned grid enterprises in the PRC.

1.2 Solar farm projects of the Group

At the time of listing, the aggregate approved capacity of the nine utility-scale ground-mounted solar farm projects (the “**Initial Portfolio**”) owned and operated by the Group was 954 MW. The Company has continuously expanded its solar farm portfolio through strategic acquisitions from Xinyi Solar over the years. These completed acquisitions include six solar farm projects in 2019 with a total capacity of 540 MW, five solar farm projects in 2020 totaling 340 MW, eight solar farm projects in 2021 totaling 660 MW, seven solar farm projects in 2022 totaling 520 MW, and four solar farm projects in 2023 totaling 636.5 MW, resulting in the approved capacity of solar farms projects held by the Group reaching 3,650.5 MW in aggregate. The solar farm projects owned and operated by the Group are located in ten provinces, municipality and autonomous region in the PRC. The table below sets out the details of the solar farm projects owned and operated by the Group as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

<u>Name of the solar farm projects</u>	<u>Location in the PRC</u>	<u>Approved capacity</u> (MW)
The Initial Portfolio		
Jinzhai Solar Farm	Anhui Province	150
Sanshan Solar Farm	Anhui Province	100
Nanping Solar Farm	Fujian Province	30
Lixin Solar Farm	Anhui Province	140
Wuwei Solar Farm One	Anhui Province	100
Hong'an Solar Farm	Hubei Province	100
Fanchang Solar Farm	Anhui Province	60
Shouxian Solar Farm One	Anhui Province	100
Binhai Solar Farm	Tianjin Municipality	<u>174</u>
Sub-total		954
2019 completed acquisitions		
Huainan Solar Farm One	Anhui Province	20
Xiaochang Solar Farm One	Hubei Province	130
Xiaochang Solar Farm Two	Hubei Province	30
Suiping Solar Farm	Henan Province	110
Shouxian Solar Farm Two	Anhui Province	200
Wuwei Solar Farm Two	Anhui Province	<u>50</u>
Sub-total		540
2020 completed acquisitions		
Zhanjiang Solar Farm	Guangdong Province	100
Wuwei Solar Farm Three	Anhui Province	30
Laohekou Solar Farm One	Hubei Province	100
Wuwei Rihao Solar Farm	Anhui Province	20
Anlu Jingshun Solar Farm	Hubei Province	<u>90</u>
Sub-total		340

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

<u>Name of the solar farm projects</u>	<u>Location in the PRC</u>	<u>Approved capacity</u> (MW)
2021 completed acquisitions		
Huainan Solar Farm Two	Anhui Province	50
Huaibei Solar Farm	Anhui Province	100
Hebei Zaoqiang Solar Farm	Hebei Province	100
Laohekou Solar Farm Two	Hubei Province	100
Qingyang Solar Farm	Anhui Province	70
Jiangmen Solar Farm One and Two	Guangdong Province	100
Hubei Jingping Solar Farm	Hubei Province	80
Wuhu Xiangtai Solar Farm	Anhui Province	<u>60</u>
Sub-total		660
2022 completed acquisitions		
Baoji Yilin Solar Farm	Shaanxi Province	40
Pingshan Tesheng Solar Farm	Hebei Province	30
Tumd Right Banner Yingneng Solar Farm	Inner Mongolia Autonomous Region	100
Xinan Anlu Solar Farm	Hubei Province	90
Xinmu Anlu Solar Farm	Hubei Province	110
Laohekou Solar Farm Three	Hubei Province	100
Xiaochang Solar Farm Three	Hubei Province	<u>50</u>
Sub-total		520
2023 completed acquisitions		
Hainan Solar Farm	Hainan Province	300
Jiangmen Solar Farm	Guangdong Province	150
Hexian Solar Farm	Anhui Province	102
Shenxiang Solar Farm	Anhui Province	<u>84.5</u>
		636.5
Total (Note)		<u><u>3,650.5</u></u>

Note: The acquisition of two solar farms under the Call Right Assets (Group 4) pursuant to the Solar Farm (Group 4) Agreement, being Zhanjiang Solar Farm (Phase Three) with approved capacity of 200MW and Wanzhi Solar Farm (Phase One) with approved capacity of 100MW, had not been completed as at the Latest Practicable Date, and therefore they are not included in this table. For details, please refer to the circular of the Company dated 17 May 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.3 Financial information of the Group

The table below summarises financial information of the Group for the three years ended 31 December 2021 (“FY2021”), 2022 (“FY2022”) and 2023 (“FY2023”) as extracted from the annual report for the year ended 31 December 2022 (the “2022 Annual Report”) and the annual report for the year ended 31 December 2023 of the Company (the “2023 Annual Report”).

	For the year ended 31 December		
	2021	2022	2023
	<i>(Audited)</i> <i>(HK\$'000)</i>	<i>(Audited)</i> <i>(HK\$'000)</i>	<i>(Audited)</i> <i>(HK\$'000)</i>
Revenue:			
Sale of electricity	1,068,415	1,279,205	1,419,092
Tariff adjustment	1,218,187	1,026,144	1,088,101
Solar farm operation and management services	10,046	9,926	10,181
	2,296,648	2,315,275	2,517,374
Profit for the year attributable to equity holders of the Company	1,232,275	971,451	992,987
	As at 31 December		
	2021	2022	2023
	<i>(Audited)</i> <i>(HK\$'000)</i>	<i>(Audited)</i> <i>(HK\$'000)</i>	<i>(Audited)</i> <i>(HK\$'000)</i>
Total assets	21,201,950	19,939,880	21,133,563
Total liabilities	8,641,498	8,177,728	7,826,245
Net assets	12,560,452	11,762,152	13,307,318

(a) Financial performance

Comparison between FY2022 and FY2023

The revenue of the Group for FY2022 and FY2023 amounted to approximately HK\$2,315.3 million and HK\$2,517.4 million respectively, representing an increase of approximately 8.7%. The revenue increase was mainly due to the increase in contribution from the solar farm projects acquired in 2022 and the four solar farm projects acquired in 2023. As at 31 December 2023, the aggregate approved capacity of the solar farm projects of the Group amounted to 3,650.5 MW, as compared to 3,014 MW as at 31 December 2022.

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The profit attributable to equity holders of the Company for FY2022 and FY2023 were approximately HK\$971.5 million and HK\$993.0 million respectively, representing an increase of approximately 2.2%. Such increase was mainly due to the increase in gross profit of approximately HK\$74.9 million and the decrease in net impairment losses on financial assets of approximately HK\$24.2 million, partially offset by the increase in finance costs by approximately HK\$91.4 million. The increase in gross profit was mainly due to the increase in revenue as discussed above.

Comparison between FY2021 and FY2022

The revenue of the Group amounted to approximately HK\$2,296.6 million and HK\$2,315.3 million for FY2021 and FY2022 respectively. The slight increase in revenue for FY2022 was mainly attributable to the full operation of the eight solar farm projects which were acquired in FY2021 and completion of the acquisition of certain solar farm projects in FY2022, which resulted in the increase in revenue from solar power electricity generation before deduction of tariff adjustment by approximately HK\$242.6 million, which was offset by the deduction of the one-off tariff adjustment in FY2022 of approximately HK\$223.8 million considering the implications of the relevant notice issued by the relevant PRC regulatory authorities in relation to tariff adjustment receivables during FY2022.

The profit attributable to equity holders of the Company for FY2021 and FY2022 were approximately HK\$1,232.3 million and HK\$971.4 million respectively, representing a decrease of approximately 21.1%. The decrease was mainly due to (i) net impairment losses on financial assets of approximately HK\$31.8 million recognised during FY2022 due to loss allowance provision for trade receivables, while no provision was made during FY2021; and (ii) the increase in interest expense on bank borrowings of approximately HK\$73.0 million during FY2022 as a result of increase in interest rates and the amount of interest-bearing bank borrowings. The Group's bank borrowings increased from approximately HK\$4,880.0 million as at 31 December 2021 to approximately HK\$4,953.8 million as at 31 December 2022.

(b) Financial position

Comparison between FY2022 and FY2023

The total assets of the Group were approximately HK\$19.9 billion and HK\$21.1 billion as at 31 December 2022 and 2023 respectively. The Group's total assets mainly consisted of property, plant and equipment (primarily comprised solar farms assets), trade and other receivables and prepayments, and right-of-use assets which accounted for approximately 68.1%, 17.1% and 3.4% of the Group's total assets respectively as at 31 December 2022. Property, plant and equipment, trade and other receivables and prepayments, and right-of-use assets accounted for approximately 71.0%, 20.4% and 3.5% of the Group's total assets respectively as at 31 December 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The total liabilities of the Group were approximately HK\$8.2 billion and HK\$7.8 billion as at 31 December 2022 and 2023 respectively. The Group's total liabilities mainly consisted of the short-term bank borrowings, long-term bank borrowings, and amount due to immediate holding company which accounted for approximately 35.4%, 25.2% and 17.0% of the Group's total liabilities respectively as at 31 December 2022. The Group's total liabilities mainly consisted of short-term bank borrowings, long-term bank borrowings, and accruals and other payables which accounted for approximately 46.5%, 33.7% and 5.2% of the Group's total liabilities respectively as at 31 December 2023.

The increase in net assets as at 31 December 2023 was mainly due to (i) the increase in property, plant and equipment; (ii) the increase in trade and other receivables and prepayments; and (iii) the decrease in the amount due to immediate holding company, partially offset by (i) the decrease in cash and cash equivalents; and (ii) the increase in bank borrowings.

Comparison between FY2021 and FY2022

The total assets of the Group were approximately HK\$21.2 billion and HK\$19.9 billion as at 31 December 2021 and 2022 respectively. The Group's total assets mainly consisted of property, plant and equipment (primarily comprised solar farms assets), trade and other receivables and prepayments, and cash and cash equivalents which accounted for approximately 65.3%, 23.7% and 5.2% of the Group's total assets respectively as at 31 December 2021. Property, plant and equipment, trade and other receivables and prepayments, and cash and cash equivalents accounted for approximately 68.0%, 17.1% and 9.0% of the Group's total assets respectively as at 31 December 2022.

The total liabilities of the Group were approximately HK\$8.6 billion and HK\$8.1 billion as at 31 December 2021 and 2022 respectively. The Group's total liabilities mainly consisted of the long-term bank borrowings, short-term bank borrowings, and amount due to immediate holding company which accounted for approximately 32.9%, 23.6% and 20.3% of the Group's total liabilities respectively as at 31 December 2021. The Group's total liabilities mainly consisted of the long-term bank borrowings, short-term bank borrowings, and amount due to immediate holding company which accounted for approximately 25.2%, 35.4% and 17.0% of the Group's total liabilities respectively as at 31 December 2022.

The decrease in net assets as at 31 December 2022 was mainly due to (i) the decrease in trade and other receivables; (ii) the increase in short term bank borrowings; and (iii) the increase in amount due to fellow subsidiaries, partially offset by (i) the increase in cash and cash equivalents; (ii) the decrease in accruals and other payables; and (iii) the decrease in the amount due to immediate holding company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Background information of the Target Members (Group 5)

2.1 The Target Members (Group 5)

Each of the Target Members (Group 5) is an investment holding company and its principal assets are the Call Right Assets (Group 5) upon reorganisation having been completed. Among the Target Members (Group 5), (i) Kaiping Ruide directly owns and operates Kaiping Jinji Solar Farm; (ii) Xinyun Yunfu directly owns and operates Yunfu Solar Farm; (iii) Xinyun Qujing directly owns and operates Qujing Banzhuang Solar Farm, Qujing Guanqiying Solar Farm, Qujing Nantoushan Solar Farm, Qujing Yangjiacun Solar Farm; (iv) Qujing Yingli directly owns and operates Qujing Yingli Solar Farm; and (v) Xintu Wuhu directly owns and operates Sanshan Gaoan Solar Farm. Each of the Target Members (Group 5) is an indirect wholly-owned subsidiary of Xinyi Solar. Upon completion of the transactions contemplated under the Solar Farm (Group 5) Agreements (the “**Completion**”), each of the Target Members (Group 5) will become a wholly owned subsidiary of the Company. As the Company is a non-wholly owned subsidiary of Xinyi Solar, each of the Target Members (Group 5) will also become a non-wholly owned subsidiary of Xinyi Solar upon Completion.

2.2 The Call Right Assets (Group 5)

The Call Right Assets (Group 5) comprises the solar farm projects, namely Kaiping Jinji Solar Farm, Yunfu Solar Farm, Qujing Banzhuang Solar Farm, Qujing Guanqiying Solar Farm, Qujing Nantoushan Solar Farm, Qujing Yangjiacun Solar Farm, Qujing Yingli Solar Farm and Sanshan Gaoan Solar Farm. Upon exercise of the Call Option (Group 5) given the reorganisation having been completed, the Call Right Assets (Group 5) will be acquired by the Company through the transfer of the entire issued share capital of the Target Members (Group 5). Set out below are details of the Call Right Assets (Group 5):

<u>Call Right Assets (Group 5)</u>	<u>Location in the PRC</u>	<u>Approved capacity</u> <i>(MW)</i>	<u>Approved Feed-in-Tariff rate</u> <i>(RMB)</i>	<u>Equity interest</u>
Kaiping Jinji Solar Farm	Guangdong Province	100	0.4530	wholly owned by Kaiping Ruide
Yunfu Solar Farm	Guangdong Province	100	0.4530	wholly owned by Xinyun Yunfu
Qujing Banzhuang Solar Farm	Yunnan Province	150	0.3134	wholly owned by Xinyun Quqing
Qujing Guanqiying Solar Farm	Yunnan Province	100	0.3134	wholly owned by Xinyun Quqing
Qujing Nantoushan Solar Farm	Yunnan Province	100	0.3358	wholly owned by Xinyun Quqing

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

<u>Call Right Assets (Group 5)</u>	<u>Location in the PRC</u>	<u>Approved capacity</u> <i>(MW)</i>	<u>Approved Feed-in-Tariff rate</u> <i>(RMB)</i>	<u>Equity interest</u>
Qujing Yangjiacun Solar Farm	Yunnan Province	200	0.3134	wholly owned by Xinyun Quqing
Qujing Yingli Solar Farm	Yunnan Province	10	0.3358	wholly owned by Qujing Yingli
Sanshan Gaoan Solar Farm	Anhui Province	30	0.3844	wholly owned by Xintu Wuhu
Total		790		

Per discussion with the Management, the construction of Qujing Banzhuang Solar Farm, Qujing Guanqiying Solar Farm, Qujing Nantoushan Solar Farm, Qujing Yangjiacun Solar Farm and Qujing Yingli Solar Farm have been completed; while the remaining solar farms of the Call Right Assets (Group 5), namely Kaiping Jinji Solar Farm and Yunfu Solar Farm are expected to be completed by the third quarter of 2024, and Sanshan Gaoan Solar Farm is expected to be completed by the second quarter of 2024.

2.3 Financial information of the Target Members (Group 5)

The table below sets out certain unaudited combined financial information of the Target Members (Group 5) for the two years ended 31 December 2023 and the one month ended 31 January 2024 prepared in accordance with the general accepted accounting principles of Hong Kong:

	<u>Year ended</u>		<u>One month ended</u>
	<u>31 December</u>	<u>31 December</u>	<u>31 January</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Net profit before tax	1,378	7,295	10,150
Net profit after tax	1,402	7,065	10,130
Net profit after tax attributable to equity owners	1,402	7,065	10,130

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 January 2024
	<i>(Unaudited)</i> <i>(HK\$'000)</i>
Total assets	2,171,402
Total liabilities	1,915,937
Net assets	255,465

Upon Completion, the Company will become the holding company of the Target Members (Group 5) through acquisition of the Target Shares (Group 5) and the financial results of the Target Members (Group 5) will be consolidated into the Group's financial statements.

The combined profit attributable to equity holders of the Target Members (Group 5) for the year ended 31 December 2023 and one month ended 31 January 2024 was approximately HK\$7.1 million and HK\$10.1 million, respectively, primarily driven by the sales of electricity from Kaiping Jinji Solar Farm, Yunfu Solar Farm, Qujing Banzhuang Solar Farm, Qujing Guanqiying Solar Farm, Qujing Nantoushan Solar Farm, Qujing Yangjiacun Solar Farm and Qujing Yingli Solar Farm.

As at 31 January 2024, total assets of the Target Members (Group 5) were approximately HK\$2,171.0 million. The total assets mainly consisted of property, plant and equipment, right-of-use assets and tax receivables.

Total liabilities of the Target Members (Group 5) were approximately HK\$1,916.0 million as at 31 January 2024, primarily consisted of the amount due to certain subsidiaries of Xinyi Solar and third-party suppliers to finance the construction costs of solar farms.

3. Reasons for and benefits of the Proposed Target Acquisition

Pursuant to the Solar Farm Agreement, the Company was granted the Call Option to acquire the Call Right Assets i.e. the solar farm projects constructed or developed by Xinyi Solar which have substantially completed construction and are grid-connected to achieve further business delineation between the Group and XYS Group. The Solar Farm (Group 5) Agreements have been entered into for the purpose of acquiring the Call Right Assets (Group 5) by the Company pursuant to the Solar Farm Agreement and the Solar Farm (Group 5) Agreements. Details of the Call Right Assets (Group 5) are set out in the section headed "2. Background information of the Target Members (Group 5)" above.

It is noted that according to the 2023 Annual Report, the Company will continue diversifying its solar farm portfolio and actively seeking opportunities in the PRC and overseas to expand its business scale and asset portfolio, in order to enhance profitability and bring long-term investment returns to the Shareholders. When implementing new project acquisitions, the Group will carefully identify, evaluate and select the solar farm projects of Xinyi Solar and third parties taking into account the reasonable returns of the projects and its own financial condition.

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Given that the Company's established relationship with Xinyi Solar, its experience, market position, and the fact that Xinyi Solar is the Company's holding company, it will be in the interest of the Company to continue to source construction completed and grid-connected utility-scale ground-mounted solar farm projects from the XYS Group. According to the Letter from the Board, the Directors have considered the factors, among other things, the location, approved capacity, the Feed-in-Tariff rates and technical aspects of the solar farm projects, in deciding whether or not to exercise the Call Option (Group 5). As at the Latest Practicable Date, the solar farm projects owned and operated by the Group are located in ten provinces, municipality and autonomous region in the PRC. As the Call Right Assets (Group 5) have been grid-connected and the construction of which are substantially completed, the acquisition of the Call Right Assets (Group 5) would help to (i) further increase distributions in Guangdong Province and Anhui Province, at which the Group already has solar farm projects under management, which will enable the Group to strengthen its presence in these provinces; and (ii) diversify the Group's revenue source geographically by establishing its business presence in Yunnan Province. The Proposed Target Acquisition provides the Company the opportunity to expand its solar farm project portfolio and, thus, its revenue base, which aligns with the Company's growth strategy. Moreover, according to the Letter from the Board, the approved capacity of the Call Right Assets (Group 5) is consistent with the planned growth strategy of the Group and the Directors are also satisfied that these solar farm projects will continue to meet the technical requirements of the Group on the Completion Date (Group 5). As such, we consider that the Proposed Target Acquisition is in the interests of the Company and the Shareholders as a whole.

4. The Solar Farm Agreement

On 5 December 2018, the Company entered into the Solar Farm Agreement with Xinyi Solar. Pursuant to the Solar Farm Agreement, the Company was granted the Call Option on the utility-scale ground-mounted solar farm projects which have substantially completed construction and are grid-connected developed or constructed by the XYS Group, details of which were set out in the XYS Solar Farm Circular. Set out below are the principal terms of the Call Option under the Solar Farm Agreement.

(a) *Call Right Price*

The Call Right Price shall be determined in accordance with the following formula:

Call Right Price = the greater of (a) and (b),

- (a) is equal to (Adjusted EBITDA during Designated 12-month of Operation + sales revenue value-added tax) x 7.2 (the implied multiple) (the "**First Limb**"); and
- (b) is equal to such amount representing one hundred ten percent (110%) of the actual reasonable and documented construction costs of such Call Right Asset (the "**Second Limb**"), where:

"Adjusted EBITDA" is defined as the consolidated EBITDA after eliminating the effect of the Adjustments, if applicable, for that year. The "Adjustments" refer to adjustments of certain items

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which are charged or credited to the consolidated income statements for the relevant year, being other gain/(loss), net; other income; unrealised revaluation gains, including impairment provisions or reversal of impairment provisions; impairment of goodwill/recognition of negative goodwill; and material non-cash gains/losses.

“Designated 12-month of Operation” shall commence from the first calendar day of the calendar month immediately after the targeted date of completion of the acquisition of the Call Right Assets.

The Call Right Price will be deducted by such amount representing the net liabilities as of the date of completion of the transaction. If the proposed acquisition of the Call Right Assets is to be conducted by way of acquisition of equity interest in a holding company of the Call Right Assets, the Call Right Price will be deducted by such amount representing the net liabilities, i.e. the amount of debt plus the estimated amount due to suppliers and other payables and plus balance of cash and receivables, of the holding company of the Call Right Assets as of the completion date.

(b) Payment of the Call Right Price

Subject to mutual agreement by the parties, the Call Right Price may be payable by instalments with reference to the payment of the tariff adjustment under the Feed-in-Tariff regime (if applicable) in relation to the solar farm projects to be acquired. The exchange rate to be used for the purpose of determining the consideration in Hong Kong dollars shall be the average exchange rate between RMB and Hong Kong dollars during a period of 10 days immediately preceding the date of the settlement of the agreed purchase price.

(c) Completion

Completion shall be taken place within 12 months from the date of the relevant call right notice, provided that the Company may postpone the closing period up to 60 days if the Company is not in breach of the definitive agreement and is continuing to use its best efforts to work toward completion of the transaction.

5. The Solar Farm (Group 5) Agreements

5.1. Principal terms of the Solar Farm (Group 5) Agreements

Following the exercise of the Call Option (Group 5), the primary purpose of entering the Solar Farm (Group 5) Agreements is to set forth the specific terms and conditions for the acquisition of the Call Right Assets (Group 5). The Solar Farm (Group 5) Agreements were entered into pursuant to the Solar Farm Agreement and the material terms of which are consistent with the Solar Farm Agreement (which has been approved at the XYX 2018 EGM). The following sets forth the principal terms of the Solar Farm (Group 5) Agreements.

5.1 The Kaiping Jinji Solar Farm Agreement

(a) Parties

- (i) Grand Trend, as the vendor;

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- (ii) Xinyi Solar; and
- (iii) the Purchaser, as the purchaser.

(b) Subject matter

The Purchaser, has conditionally agreed to purchase, and Grand Trend has conditionally agreed to sell, all issued shares of Xinjie Wuhu and its wholly-owned subsidiary, Kaiping Ruide. Xinyi Solar has agreed to procure completion of the reorganisation to the effect that Kaiping Ruide will be the sole wholly-owned subsidiary of Xinjie Wuhu.

(c) Call Right Assets (Group 5)

The Call Right Assets (Group 5) to be acquired under the Kaiping Jinji Solar Farm Agreement is Kaiping Jinji Solar Farm, details of which are set out in the sub-section headed “2.2 The Call Right Assets (Group 5)” above.

(d) Conditions precedent

Completion under the Kaiping Jinji Solar Farm Agreement is subject to the following conditions:

- (i) all representations and warranties made by Grand Trend and Xinyi Solar remaining true, complete and accurate at all times between the date of the Kaiping Jinji Solar Farm Agreement and the Completion Date (Group 5), and Grand Trend and Xinyi Solar having performed all of their obligations required to be performed by the Completion Date (Group 5) thereunder and not been in breach of the Kaiping Jinji Solar Farm Agreement;
- (ii) the reorganisation to the effect that Kaiping Ruide is the sole wholly-owned subsidiary of Xinjie Wuhu has been completed;
- (iii) the Purchaser having received a PRC legal opinion dated the Completion Date (Group 5) on each of Xinjie Wuhu and Kaiping Ruide confirming, inter alia, its corporate existence, shareholding structure, assets and the validity of its interests in and certain operational aspects and licensing matters of the Call Right Assets (Group 5) under the Kaiping Jinji Solar Farm Agreement in the form and substance satisfactory to the Purchaser;
- (iv) the approval by the Independent Shareholders at the EGM of the resolution(s) approving the under the Kaiping Jinji Solar Farm Agreement and the exercise of the Call Option (Group 5) pursuant to the Solar Farm Agreement and the Kaiping Jinji Solar Farm Agreement; and
- (v) all internal and external approvals required by the parties to the Kaiping Jinji Solar Farm Agreement for the execution, delivery and performance of the Kaiping Jinji Solar Farm Agreement (including the shareholders approvals of Xinjie Wuhu having been obtained).

If any of the above conditions has not been satisfied in accordance with the Kaiping Jinji Solar Farm Agreement at or before 1:00 p.m. on or before the Completion Date (Group 5), then unless Grand Trend and the Purchaser agree otherwise in writing, the Completion Date (Group 5) shall be postponed to the Long-stop Date (Group 5).

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If any of the above conditions has not been satisfied in accordance with the Kaiping Jinji Solar Farm Agreement at or before 1:00 p.m. on or before the Long-stop Date (Group 5), then unless Grand Trend and the Purchaser agree otherwise in writing, the Kaiping Jinji Solar Farm Agreement shall be terminated, and neither parties to the Kaiping Jinji Solar Farm shall have any claim or cause of action against the other, save for any antecedent breach and the return of the Call Right Price (Group 5) (to the extent paid by the Company) by Grand Trend to the Purchaser without interest within five (5) business days after termination of the Kaiping Jinji Solar Farm Agreement.

As of the Latest Practicable Date, none of the above conditions had been satisfied.

5.2 The Yunfu Solar Farm Agreement

(a) Parties

- (i) Sky Jumbo, as the vendor;
- (ii) Xinyi Solar; and
- (iii) the Purchaser, as the purchaser.

(b) Subject matter

The Purchaser, has conditionally agreed to purchase, and Sky Jumbo has conditionally agreed to sell, all the issued shares of Xinyun Yunfu.

(c) Call Right Assets (Group 5)

The Call Right Assets (Group 5) to be acquired under the Yunfu Solar Farm Agreement is Yunfu Solar Farm, details of which are set out in the sub-section headed “2.2 The Call Right Assets (Group 5)” above.

(d) Conditions precedent

Completion under the Yunfu Solar Farm Agreement is subject to the following conditions:

- (i) all representations and warranties made by Sky Jumbo and Xinyi Solar remaining true, complete and accurate at all times between the date of the Yunfu Solar Farm Agreement and the Completion Date (Group 5), and Sky Jumbo and Xinyi Solar having performed all of their obligations required to be performed by the Completion Date (Group 5) thereunder and not been in breach of the Yunfu Solar Farm Agreement;
- (ii) the Purchaser having received a PRC legal opinion dated the Completion Date (Group 5) on Xinyun Yunfu confirming, inter alia, its corporate existence, shareholding structure, assets and the validity of its interests in and certain operational aspects and licensing matters of the Call Right Assets (Group 5) under the Yunfu Solar Farm Agreement in the form and substance satisfactory to the Purchaser;

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- (iii) the approval by the Independent Shareholders at the EGM of the resolution(s) approving the Yunfu Solar Farm Agreement and the exercise of the Call Option (Group 5) pursuant to the Solar Farm Agreement and the Yunfu Solar Farm Agreement; and
- (iv) all internal and external approvals required by the parties to the Yunfu Solar Farm Agreement for the execution, delivery and performance of the Yunfu Solar Farm Agreement (including the shareholders approvals of Xinyun Yunfu having been obtained).

If any of the above conditions has not been satisfied in accordance with the Yunfu Solar Farm Agreement at or before 1:00 p.m. on or before the Completion Date (Group 5), then unless Sky Jumbo and the Purchaser agree otherwise in writing, the Completion Date (Group 5) shall be postponed to the Long-stop Date (Group 5).

If any of the above conditions has not been satisfied in accordance with the Yunfu Solar Farm Agreement at or before 1:00 p.m. on or before the Long-stop Date (Group 5), then unless Sky Jumbo and the Purchaser agree otherwise in writing, the Yunfu Solar Farm Agreement shall be terminated, and neither parties to the Yunfu Solar Farm Agreement shall have any claim or cause of action against the other, save for any antecedent breach and the return of the Call Right Price (Group 5) (to the extent paid by the Company) by Sky Jumbo to the Purchaser without interest within five (5) business days after termination of the Yunfu Solar Farm Agreement.

As of the Latest Practicable Date, none of the above conditions had been satisfied.

5.3 The Qujing Solar Farm Agreement

(a) Parties

- (i) Sun Wisdom, as the vendor;
- (ii) Xinyi Solar; and
- (iii) the Purchaser, as the purchaser.

(b) Subject matter

The Purchaser, has conditionally agreed to purchase, and Sun Wisdom has conditionally agreed to sell, all the issued shares of Xinyun Qujing and its wholly-owned subsidiaries, Qujing Yingli and Qujing Qiushou.

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(c) Call Right Assets (Group 5)

The Call Right Assets (Group 5) to be acquired under the Qujing Solar Farm Agreement are Qujing Banzhuang Solar Farm, Qujing Guanqiying Solar Farm, Qujing Nantoushan Solar Farm, Qujing Yangjiacun Solar Farm and Qujing Yingli Solar Farm, details of which are set out in the sub-section headed “2.2 The Call Right Assets (Group 5)” above.

(d) Conditions precedent

Completion under the Qujing Solar Farm Agreement is subject to the following conditions:

- (i) all representations and warranties made by Sun Wisdom and Xinyi Solar remaining true, complete and accurate at all times between the date of the Qujing Solar Farm Agreement and the Completion Date (Group 5), and Sun Wisdom and Xinyi Solar having performed all of their obligations required to be performed by the Completion Date (Group 5) thereunder and not been in breach of the Qujing Solar Farm Agreement;
- (ii) the Purchaser having received a PRC legal opinion dated the Completion Date (Group 5) on each of Xinyun Qujing, Qujing Yingli and Qujing Qiushou confirming, inter alia, its corporate existence, shareholding structure, assets and the validity of its interests in and certain operational aspects and licensing matters of the Call Right Assets (Group 5) under the Qujing Solar Farm Agreement in the form and substance satisfactory to the Purchaser;
- (iii) the approval by the Independent Shareholders at the EGM of the resolution(s) approving the Qujing Solar Farm Agreement and the exercise of the Call Option (Group 5) pursuant to the Solar Farm Agreement and the Qujing Solar Farm Agreement; and
- (iv) all internal and external approvals required by the parties to the Qujing Solar Farm Agreement for the execution, delivery and performance of the Qujing Solar Farm Agreement (including the shareholders approvals of Xinyun Qujing having been obtained).

If any of the above conditions has not been satisfied in accordance with the Qujing Solar Farm Agreement at or before 1:00 p.m. on or before the Completion Date (Group 5), then unless Sun Wisdom and the Purchaser agree otherwise in writing, the Completion Date (Group 5) shall be postponed to the Long-stop Date (Group 5).

If any of the above conditions has not been satisfied in accordance with Qujing Solar Farm Agreement at or before 1:00 p.m. on or before the Long-stop Date (Group 5), then unless Sun Wisdom and the Purchaser agree otherwise in writing, the Qujing Solar Farm Agreement shall be terminated, and neither parties to the Qujing Solar Farm Agreement shall have any claim or cause of action against the other, save for any antecedent breach and the return of the Call Right Price (Group 5) (to the extent paid by the Company) by Sun Wisdom to the Purchaser without interest within five (5) business days after termination of the Qujing Solar Farm Agreement.

As of the Latest Practicable Date, none of the above conditions had been satisfied.

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5.4 The Sanshan Gaoan Solar Farm Agreement

(a) *Parties*

- (i) Rise Trend, as the vendor;
- (ii) Xinyi Solar; and
- (iii) the Purchaser, as the purchaser.

(b) *Subject matter*

The Purchaser has conditionally agreed to purchase, and Rise Trend has conditionally agreed to sell all the issued shares of Xintu Wuhu.

(c) *Call Right Assets (Group 5)*

The Call Right Assets (Group 5) to be acquired under the Sanshan Gaoan Solar Farm Agreement is Sanshan Gaoan Solar Farm, details of which are set out in the sub-section headed “2.2 The Call Right Assets (Group 5)” above.

(d) *Conditions precedent*

Completion under the Sanshan Gaoan Solar Farm Agreement is subject to the following conditions:

- (i) all representations and warranties made by Rise Trend and Xinyi Solar remaining true, complete and accurate at all times between the date of the Sanshan Gaoan Solar Farm Agreement and the Completion Date (Group 5), and Rise Trend and Xinyi Solar having performed all of their obligations required to be performed by the Completion Date (Group 5) thereunder and not been in breach of the Sanshan Gaoan Solar Farm Agreement;
- (ii) the Purchaser having received a PRC legal opinion dated the Completion Date (Group 5) on Xintu Wuhu confirming, inter alia, its corporate existence, shareholding structure, assets and the validity of its interests in and certain operational aspects and licensing matters of the Call Right Assets (Group 5) under the Sanshan Gaoan Solar Farm Agreement in the form and substance satisfactory to the Purchaser;
- (iii) the approval by the Independent Shareholders at the EGM of the resolution(s) approving the Sanshan Gaoan Solar Farm Agreement and the exercise of the Call Option (Group 5) pursuant to the Solar Farm Agreement and the Sanshan Gaoan Solar Farm Agreement; and
- (iv) all internal and external approvals required by the parties to the Sanshan Gaoan Solar Farm Agreement for the execution, delivery and performance of the Sanshan Gaoan Solar Farm Agreement (including the shareholders approvals of Xintu Wuhu having been obtained).

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If any of the above conditions has not been satisfied in accordance with the Sanshan Gaoan Solar Farm at or before 1:00 p.m. on or before the Completion Date (Group 5), then unless Rise Trend and the Purchaser agree otherwise in writing, the Completion Date (Group 5) shall be postponed to the Long-stop Date (Group 5).

If any of the above conditions has not been satisfied in accordance with the Sanshan Gaoan Solar Farm at or before 1:00 p.m. on or before the Long-stop Date (Group 5), then unless Rise Trend and the Purchaser agree otherwise in writing, the Sanshan Gaoan Solar Farm shall be terminated, and neither parties to the Sanshan Gaoan Solar Farm shall have any claim or cause of action against the other, save for any antecedent breach and the return of the Call Right Price (Group 5) (to the extent paid by the Company) by Rise Trend to the Purchaser without interest within five (5) business days after termination of the Sanshan Gaoan Solar Farm.

As of the Latest Practicable Date, none of the above conditions had been satisfied.

5.5. Completion Date (Group 5)

The Completion Date (Group 5) is on a business day (i) on or before 28 February 2025; or (ii) such other date as the relevant Vendor and the Purchaser may agree in writing, but in any event shall not be later than the first anniversary of the date of the Call Notice (Group 5).

5.6. The Call Right Price (Group 5)

5.6.1. Determination of the Call Right Price (Group 5)

The Call Right Price (Group 5) is determined according to the terms of the Solar Farm Agreement and the Solar Farm (Group 5) Agreements. The Directors have reviewed the formula in determining the Call Right Price (Group 5) as set out in the section headed “4. The Solar Farm Agreement” above, and confirm that the Call Right Price (Group 5) would be determined according to the Second Limb.

For the purpose of determining the Call Right Price (Group 5), the relevant Vendor under the Solar Farm (Group 5) Agreements shall provide to the Purchaser:

- (i) the unaudited combined accounts of the Target Members (Group 5) (the “**Provisional Closing Accounts**”) as of the close of business on the last day of the previous month prior to the Completion Date (Group 5) on or before the Completion Date (Group 5); and
- (ii) the unaudited combined accounts of the Target Members (Group 5) (the “**Closing Accounts**”) as of the close of business on the Completion Date (Group 5) within ten (10) business days after the Completion Date (Group 5).

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The Provisional Closing Accounts and the Closing Accounts shall be prepared by the relevant Target Members (Group 5) to the satisfaction of the Purchaser.

As of the Latest Practicable Date, the Call Right Price (Group 5) had been estimated by Xinyi Solar and the Company to be RMB475.0 million (equivalent to approximately HK\$522.9 million).

We have obtained and reviewed the detailed calculation of the estimation of the Call Right Price (Group 5) and discussed with the Management in respect of the basis of the calculation. We have also reviewed the management accounts of the Target Members (Group 5) as at 31 January 2024. Based on our review, we consider that the estimated Call Right Price (Group 5) of approximately RMB475.0 million (equivalent to approximately HK\$522.9 million) has been determined in accordance with the formula set out in the section headed “4. The Solar Farm Agreement” above.

5.6.2. Evaluation of the Call Right Price (Group 5)

We have conducted independent research in assessing the fairness and reasonableness of the Call Right Price (Group 5). In particular, we have considered the price of electricity of comparable transactions in respect of sale and purchase of solar farms.

We have made reference to recent comparable transactions in respect of sale and purchase of solar farms which were (i) located in the PRC; (ii) with approved capacity up to 1,000 MW in aggregate; (iii) acquired or disposed by companies listed in Hong Kong; (iv) with consideration of no less than RMB100 million; (v) related to the acquisition or disposal of solar farm(s) or the majority equity interest of the entity owning the solar farm(s) at a fixed consideration; and (vi) announced during the period from 1 March 2022 to 28 February 2024 (being the date of the Solar Farm (Group 5) Agreements), which in our view represents a reasonable period to reflect recent market conditions for entering into such transactions.

To the best of our knowledge and on a best-effort basis, we have identified a list of 10 comparable transactions (the “**Comparable Transactions**”) which represent the exhaustive samples that fit the aforesaid criteria. Taking into account (i) the respective considerations for the underlying solar farm projects were referenced to, among others, the approved capacities thereof being a key component of the revenue generated from the sale of electricity of such solar farms; (ii) the unit prices of electricity were computed based on the respective considerations of completed solar farm projects divided by the approved capacities thereof, we are of the view that the analysis of the unit prices of electricity of the Comparable Transactions against that of the Target Members (Group 5) as derived from the estimated Call Right Price (Group 5) of RMB475.0 million and the aggregated approved capacity of 790 MW is appropriate for comparison purpose. Set out in the table below is a summary of the Comparable Transactions.

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Company name	Stock code	Date of announcement	Total capacity of solar farm(s) (MW)	Consideration (Note 1) (approximate RMB million)	Unit price (Note 2) (approximate RMB million/MW)	Portion of consideration to be settled prior to and including the date of completion (Notes 3,5) (approximate %)
China Longyuan Power Group Corporation Limited	916	29 December 2023	720.0	679.7	0.9	100%
GCL New Energy Holdings Limited	451	12 October 2023	583.9	1,004.4	1.7	100%
Kong Sun Holdings Limited	295	11 August 2023	189.8	758.0	4.0	100%
GCL New Energy Holdings Limited	451	19 May 2023	191.0	336.0	1.8	100%
The Company	3868	17 May 2023	636.5	2,297.9	3.6	90%
Beijing Energy International Holding Co., Ltd	686	12 December 2022	150.0	451.9	3.0	100%
Shunfeng International Clean Energy Limited	1165	4 July 2022	70.0	664.3	9.5	100%
The Company	3868	11 April 2022	650.0	2,563.7	3.9	90%
Kong Sun Holdings Limited	295	25 March 2022	120.0	118.7	1.0	100%
GCL New Energy Holdings Limited	451	21 March 2022	30.0	153.9	5.1	100%
				Maximum	9.5	100%
				Minimum	0.9	90%
				Average	3.5	98%
				Median	3.3	100%
Target Members (Group 5)			790.0	475.0	0.6	90%
				<i>(Note 4)</i>		

Source: The Stock Exchange website

Notes:

- The consideration comprised (i) the consideration for the sale shares of the target companies owning the solar farm projects; (ii) any shareholder's loan provided to the target companies; and (iii) any liabilities due by/outstanding capital contribution to the target companies assumed by the purchasers in connection with the transactions, as disclosed in the relevant announcements of the Comparable Transactions.
- The implied unit price of electricity of the Comparable Transactions were computed by dividing the aggregate consideration by the approved capacity of the underlying solar farm(s).

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3. The payment arrangement of the consideration included the settlement of consideration for the sale shares and shareholder's loan (if any) and the settlement of the liabilities/outstanding capital contribution assumed.
4. The estimated Call Right Price (Group 5).
5. For those Comparable Transactions with payment arrangement divided into certain stages upon the satisfaction of certain conditions, which primarily include the completion of registration procedures of the transfer of the equity shares and/or delivery of such related documents and completion of ratification, but not on an actual time basis i.e. certain years following the date of the completion, the portion as stated above represented the deemed percentage upon the completion date for our analysis purpose.

As shown in the table above, the unit price of electricity of the Comparable Transactions ranged from approximately RMB0.9 million per MW to approximately RMB9.5 million per MW with an average of approximately RMB3.5 million per MW and a median of RMB3.3 million per MW. The unit price of electricity of the Target Members (Group 5) of approximately RMB0.6 million per MW is lower than all of the Comparable Transactions. Therefore, we consider that the estimated Call Right Price (Group 5) is fair and reasonable based on the above analysis of the Comparable Transactions.

We have also considered the price-to-earnings ratio and the price-to-book ratio analysis for assessing the fairness and reasonableness of the estimated Call Right Price (Group 5). Considering that certain solar farms are still undergoing construction, these solar farms may have not operated at their full performance and therefore the historical earnings of the Target Members (Group 5) could not truly reflect the earning potential of all of the Call Right Assets (Group 5) nor the value of the Target Members (Group 5). As such, we are of the view that price-to-earnings ratio analysis is not appropriate. On the other hand, based on the historical financial information of the Target Members (Group 5), we noted that the construction costs of the solar farms under the Call Rights Assets (Group 5) were primarily financed by the amount due to certain subsidiaries of Xinyi Solar and third-party suppliers. Therefore, we consider that the net book value is not able to reflect the underlying value of the Target Members (Group 5) and the price-to-book ratio analysis is also not appropriate.

Per discussion with the Management, the formula of determining the Call Right Price (Group 5) covers all situations where any of the Call Right Assets (Group 5) is still under construction or has started electricity generation, as well as all the assets and liabilities of the Target Members (Group 5) as at the Completion Date (Group 5). All significant assets and liabilities of the Target Members (Group 5) will be taken into consideration in the formula. Based on our review of the management accounts of the Target Members (Group 5) as at 31 January 2024, the solar farms assets, debts, amount due to suppliers, other payables and cash and receivables were significant assets and liabilities of the Target Members (Group 5) and no other material assets and liabilities were noted.

5.7. Payment terms

The Purchaser in each of the Solar Farm (Group 5) Agreements shall pay:

- (i) 90% of the Call Right Price (Group 5) (as determined on the basis of the Provisional Closing Accounts of each of the Solar Farm (Group 5) Agreements) on the Completion Date (Group 5);

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- (ii) any shortfall between the Call Right Price (Group 5) (as determined under (i) above) and the Call Right Price (Group 5) (as determined on the basis of the Closing Accounts of each of the Solar Farm (Group 5) Agreements within fifteen (15) business days after the Completion Date (Group 5); and
- (iii) the remaining 10% of the Call Right Price (Group 5) (on the basis of the Closing Accounts of each of the Solar Farm (Group 5) Agreements) within twelve (12) months after the Completion Date (Group 5).

The payment of the Call Right Price (Group 5) will be made by the Company out of its internal resources and external financial resources available to it.

We have performed independent research on recent sale and purchase of solar farm projects conducted by listed companies in Hong Kong. Based on our review on the Comparable Transactions as shown in the table in the above sub-section headed “5.6.2 Evaluation of the Call Right Price (Group 5)”, we noted that the settlement amount prior to/upon completion of transactions ranged from 90% to 100%, with an average and median amount to 98% and 100% of total consideration respectively. The settlement of 90% of the Call Right Price (Group 5) upon Completion is within the range of the Comparable Transactions. It is also noted that the timing on which the tranches of payment to be made after the completion date depends upon (i) having satisfied certain conditions; or (ii) the anniversary date of the completion. According to the Solar Farm (Group 5) Agreements, the remaining 10% of the Call Right Price (Group 5) will be paid within 12 months following Completion. Based on the aforesaid, we consider that the payment arrangement under the Solar Farm (Group 5) Agreements is fair and reasonable.

Based on above, we consider that the terms of the Solar Farm (Group 5) Agreements are normal commercial terms and fair and reasonable.

6. Financial effects of the Proposed Target Acquisition

6.1 Revenue

Following Completion, the Target Members (Group 5) will become wholly-owned subsidiaries of the Company and the financial results of the Target Members (Group 5) will be consolidated to the Group’s account. Following Completion, the total approved capacity of solar farms owned by the Group will be increased and, thus, its revenue base will be strengthened.

6.2 Working capital and gearing

The Consideration will be satisfied by the Company with its internal resources and external financial resources available to it.

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According to the 2023 Annual Report, the Group had cash and cash equivalents of approximately HK\$645.0 million as at 31 December 2023 and the Group's net gearing ratio (bank borrowings minus cash and cash equivalents divided by total equity) as at 31 December 2023 was approximately 42.3%. As at 31 December 2023, the Group did not have any capital commitments. The net cash inflow from operation of the Group for FY2023 was approximately HK\$753.1 million. As at the Latest Practicable Date, the Group had unutilised banking facilities of approximately HK\$1.0 billion. Taking into consideration of the above, the Management expects, and we concur, that the Group will have sufficient financial resources for the settlement of the amount of the Call Right Price (Group 5) and the payment of the Call Right Price (Group 5) would not result in any material adverse impact on the working capital and gearing of the Group.

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that the entering into the Solar Farm (Group 5) Agreements is in the ordinary and usual course of business of the Group, the terms of the Solar Farm (Group 5) Agreements are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and the Proposed Target Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise (i) the Independent Board Committee to recommend the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the relevant resolution to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Quam Capital Limited
Noelle Hung
Managing Director

Ms. Noelle Hung is a Managing Director of Quam Capital Limited and is licensed under the SFO as a Responsible Officer to carry out Type 6 (advising on corporate finance) regulated activity. Ms. Noelle Hung has over 20 years of experience in corporate finance.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in the Shares, underlying Shares and debentures of the Company

As of the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (a) 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 taken under such provisions of the SFO); (b) entered in the register kept by the Company pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set forth in Appendix C3 to the Listing Rules, were as follows:

(i) Long positions in the Shares

Name of Director	Capacity	Name of the controlled corporation	Number of Shares held	Approximate percentage of the Company's issued share capital ⁽³⁾
Tan Sri Datuk TUNG Ching Sai <i>P.S.M., D.M.S.M., J.P.</i>	Interest in controlled corporation ⁽¹⁾	Copark (as defined below)	30,553,206	0.370%
	Interest in controlled corporation ⁽¹⁾	Sharp Elite (as defined below)	192,410,355	2.330%
	Family interest ⁽¹⁾		14,910,018	0.180%
	Interest in person acting in concert ⁽²⁾		1,275,082,774	15.443%

Notes:

- (1) Tan Sri Datuk TUNG Ching Sai *J.P.*, 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 30,553,206 and 192,410,355 Shares, respectively. Tan Sri Datuk TUNG Ching Sai *J.P.*, is also deemed to be interested in the 14,910,018 Shares directly held by his spouse, Puan Sri Datin SZE Tan Hung.

- (2) Pursuant to an agreement dated 22 November 2018 and entered into by Dr. LEE Yin Yee, S.B.S., Datuk Wira TUNG Ching Bor *D.C.S.M.*, Tan Sri Datuk TUNG Ching Sai *J.P.*, 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 received at the time of listing of the Company.
- (3) The percentage is calculated based on the total number of 8,256,588,652 Shares in issue as of the Latest Practicable Date.

(ii) *Long positions in the shares of associated corporations of the Company*

<u>Name of Director</u>	<u>Capacity</u>	<u>Name of the associated corporation</u>	<u>Number of shares held</u>	<u>Approximate percentage in the total issued share capital of associated corporation</u>
Tan Sri Datuk TUNG Ching Sai <i>J.P.</i>	Interest in a controlled corporation ⁽²⁾	Xinyi Solar	220,919,131	2.479%
	Family interest ⁽²⁾		23,797,057	0.267%
	Interest in person acting in concert ⁽¹⁾		2,087,271,241	23.426%

Notes:

- (1) Pursuant to an agreement dated 31 May 2013 and entered into by Dr. LEE Yin Yee, S.B.S., Datuk Wira TUNG Ching Bor *D.C.S.M.*, Tan Sri Datuk TUNG Ching Sai *J.P.*, 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 of such number of shares to them representing approximately 67.6% of the XYS Shares as of that date.
- (2) Tan Sri Datuk TUNG Ching Sai *J.P.* is the beneficial owner of the entire issued share capital of Copark which is the registered owner of 220,919,131 XYS Shares. Tan Sri Datuk TUNG Ching Sai *J.P.* also has deemed to be interested in 23,797,057 XYS Shares directly held by his spouse, Puan Sri Datin SZE Tan Hung.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which was required to be (a) 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 taken under such provisions of the SFO); (b) entered in the register kept by the Company pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Directorship or employment in a company which has an interest or short positions which is discloseable under divisions 2 and 3 of Part XV of the SFO

So far as is known to the Directors and the chief executives of the Company, as of the Latest Practicable Date, the following Director(s) 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 under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<u>Name of Director</u>	<u>Name of companies which had such discloseable interest or short positions</u>	<u>Position within such company</u>
Mr. LEE Shing Put, B.B.S.	Xinyi Solar	Director
Tan Sri Datuk TUNG Ching Sai <i>J.P.</i>	Xinyi Group (Glass) Company Limited	Director
Tan Sri Datuk TUNG Ching Sai <i>J.P.</i>	Xinyi Solar	Director
Tan Sri Datuk TUNG Ching Sai <i>J.P.</i>	Xinyi Automobile Glass (BVI) Company Limited	Director
Tan Sri Datuk TUNG Ching Sai <i>J.P.</i>	Xinyi Glass Holdings Limited	Director
Tan Sri Datuk TUNG Ching Sai <i>J.P.</i>	Copark	Director
Tan Sri Datuk TUNG Ching Sai <i>J.P.</i>	Sharp Elite	Director
Mr. LEE Yau Ching	Xinyi Solar	Director
Mr. LEE Yau Ching	Xinyi Power (BVI) Limited	Director
Mr. LEE Yau Ching	Telerich Investment Limited	Director
Mr. LEE Yau Ching	Precious Smart Limited	Director

Except as disclosed above, as of the Latest Practicable Date, none of the Directors or proposed Directors (if any) is a director or employee of any person or corporation who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As of the Latest Practicable Date, none of the Directors had entered into any service agreement with any member of the Group nor were there any other service agreements proposed which would not expire or be determinable by the member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS**Interests in assets**

As of the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

Interests in contracts

As of the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting and which was significant in relation to the business of the Group.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of the Latest Practicable Date, none of the Directors or their respective associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

6. MATERIAL ADVERSE CHANGE

The Directors confirmed that there has been no material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited accounts of the Group were made up to, up to and including the Latest Practicable Date.

7. EXPERT'S QUALIFICATION AND CONSENT

The following are qualifications of the expert who has given its opinion or advice which is included in this circular:

<u>Name</u>	<u>Qualification</u>
Quam Capital Limited	a licensed corporation permitted to carry out types 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities under the SFO

As of the Latest Practicable Date, the expert above did not have any shareholding, directly or indirectly, in any member of the Group, nor did any of them have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up.

The expert above has given its written consent and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinion as set forth in this circular and references to its name in the form and context in which they appear.

8. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xinyienergy.com) for a period of 14 days commencing from the date of this circular:

- (a) the Solar Farm Agreement;
- (b) the Call Notice (Group 5); and
- (c) the Solar Farm (Group 5) Agreements.

9. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

NOTICE OF THE EGM



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)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “EGM”) of Xinyi Energy Holdings Limited (“Company”) will be held at 21/F, Rykadan Capital Tower, 135 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong, on Friday, 31 May 2024 at 9:00 a.m., for the purposes of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the exercise of the Call Option (Group 5) (as defined in the circular of the Company dated 10 May 2024 (the “Circular”) of which this notice forms part) for the acquisition of the Call Right Assets (Group 5) (as defined in the Circular) pursuant to the terms and conditions of the Solar Farm Agreement (as defined in the Circular) (a copy of which has been produced to the meeting and marked “A” and initialled by the chairman of the meeting (the “Chairman”) for identification purpose), the Call Notice (Group 5) (as defined in the Circular) (a copy of which has been produced to the meeting and marked “B” and initialled by the Chairman for identification purpose), and the Solar Farm (Group 5) Agreements (as defined in the Circular) (a copy of which has been produced to the meeting and marked “C” and initialled by the Chairman for identification purpose) and the entering into of the Solar Farm (Group 5) Agreements be and are hereby approved, ratified and confirmed; and
- (b) authorisation be granted to any director of the Company to complete and do all such acts or things (including executing all such documents, instruments and agreements as may be required) as are in his or her opinion may consider necessary, appropriate, desirable or expedient or in the interest of the Company to implement and/or give effect to the exercise of the Call Option (Group 5) and/or the Solar Farm (Group 5) Agreements and all other matters incidental thereto or in connection therewith.”

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

Hong Kong, 10 May 2024

NOTICE OF THE EGM

Notes:

- (1) A form of proxy for the EGM to be held on Friday, 31 May 2024 is enclosed.
 - (2) Any shareholder entitled to attend and vote at the EGM shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder who is the holder of two or more ordinary shares in the capital of the Company (the “Share(s)”) may appoint more than one proxy to represent him/her and vote on his/her behalf at the EGM. A proxy need not be a member of the Company.
 - (3) In order to be valid, the form of proxy completed in accordance with the instructions set forth therein, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of such power or authority) must be deposited to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the EGM (i.e. not later than Wednesday, 29 May 2024 at 9:00 a.m. (Hong Kong time)) or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude a shareholder from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should the shareholder so wish.
 - (4) In case of joint holders of any Share, any one of such joint holders may vote at the EGM, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting in person or by proxy, then one of the said persons so present whose name stands first on the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.
 - (5) The register of members of the Company will be closed from Tuesday, 28 May 2024 to Friday, 31 May 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to determine the entitlement to attend and vote at the EGM, all share transfer documents accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 27 May 2024 for such purpose.
 - (6) In case Typhoon Signal No. 8 or above is hoisted, or a Black Rainstorm Warning Signal or “extreme conditions” caused by super typhoons announced by the Government is/are in force in Hong Kong at or at any time after 7:00 a.m. on the date of the EGM, the EGM will be adjourned. The Company will post an announcement on the websites of the Company (www.xinyienergy.com) and the Stock Exchange (www.hkexnews.hk) to notify shareholders of the date, time and place of the adjourned meeting.
- The EGM will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the EGM under bad weather conditions bearing in mind their own situation.
- (7) As of the date of this notice, the four executive directors of the Company are Mr. LEE Shing Put, B.B.S. (Chairman), Tan Sri Datuk TUNG Ching Sai *P.S.M., D.M.S.M., J.P.*, Mr. TUNG Fong Ngai and Mr. LEE Yau Ching, and the three independent non-executive Directors are Mr. LEUNG Ting Yuk, The Hon. IP Kwok Him, G.B.M., G.B.S., J.P., and Ms. LYU Fang.