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**XINYI ENERGY HOLDINGS LIMITED**

信義能源控股有限公司

*(Incorporated under the laws of the  
British Virgin Islands with limited liability)*

**(Stock code: 03868)**



**XINYI SOLAR HOLDINGS LIMITED**

信義光能控股有限公司

*(Incorporated under the laws of the  
Cayman Islands with limited liability)*

**(Stock code: 00968)**

**CONNECTED AND  
DISCLOSEABLE TRANSACTION**

**Exercise of the Call Option  
(Group 1) pursuant to the Solar Farm  
Agreement and the Solar Farm  
(Group 1) Agreement**

**CONNECTED TRANSACTION**

**Disposal of the Call Right Assets  
(Group 1) pursuant to the Solar Farm  
Agreement and the Solar Farm  
(Group 1) Agreement**

References are made to the XYS Solar Farm Announcement, the XYS Solar Farm Circular, and the XYE Prospectus, in relation to, among others, the Solar Farm Agreement. Pursuant to the Solar Farm Agreement, Xinyi Solar has granted Xinyi Energy the Call Option. Xinyi Energy may serve a written notice on Xinyi Solar to exercise the Call Option at any time during the Call Right Period to purchase any or all of the Call Right Assets.

**Exercise of the Call Option (Group 1)**

On 16 March 2020, Xinyi Energy served a Call Right Notice on Xinyi Solar to exercise the Call Option (Group 1) for the acquisition of the Call Right Assets (Group 1) pursuant to the terms and conditions of the Solar Farm Agreement and the Solar Farm (Group 1) Agreement.

In order to effect the Equity Transfer upon the exercise of the Call Option (Group 1), on 16 March 2020 (after trading hours of the Stock Exchange), Xinyi Energy as the purchaser, and the Vendor, as the vendor, entered into the Solar Farm (Group 1) Agreement, pursuant to which Xinyi Energy has agreed to purchase, and the Vendor has agreed to sell, the Target Shares pursuant to the terms and conditions of the Solar Farm Agreement and the Solar Farm (Group 1) Agreement for the Consideration.

## **Implication under the Listing Rules**

### ***In relation to Xinyi Energy***

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the exercise of the Call Option (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement is more than 5% but less than 25%, the exercise of the Call Option (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement constitutes a discloseable transaction for Xinyi Energy under Chapter 14 of the Listing Rules.

As of the date of this announcement, the XYE Controlling Shareholders and their respective associates are interested in 74.4% of the issued share capital of Xinyi Energy. The XYE Controlling Shareholders and their respective associates are also interested in 52.0% of the issued share capital of Xinyi Solar. The Vendor is a direct wholly-owned subsidiary of Xinyi Solar. Accordingly, the Vendor is a connected person of Xinyi Energy and the exercise of the Call Option (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement also constitutes a connected transaction for Xinyi Energy under Chapter 14A of the Listing Rules.

The exercise of the Call Option (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement is subject to the reporting and announcement and the independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

A circular to be dispatched by Xinyi Energy containing, among other things: (i) further information on the exercise of the Call Option (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement; (ii) a letter of recommendations from the XYE Independent Board Committee; (iii) a letter of advice from the Xinyi Energy Independent Financial Adviser; and (iv) a notice of the XYE EGM is expected to be dispatched to the shareholders of Xinyi Energy on or before 6 April 2020 in full compliance with the requirements under the Listing Rules.

### ***In relation to Xinyi Solar***

Xinyi Energy is a non-wholly owned subsidiary of Xinyi Solar. As of the date of this announcement, the XYS Controlling Shareholders and their respective associates are interested in 52.0% of the issued share capital of Xinyi Solar. The XYS Controlling Shareholders and their respective associates are also interested in 27.7% of the issued share capital of Xinyi Energy. Accordingly, Xinyi Energy is a connected subsidiary of Xinyi Solar under Chapter 14A of the Listing Rules, and the disposal of the Call Right Assets (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement constitutes a connected transaction for Xinyi Solar under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the disposal of the Call Right Assets (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement is more than 1% but less than 5%, the disposal of the Call Right Assets (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **BACKGROUND INFORMATION**

References are made to the XYS Solar Farm Announcement, the XYS Solar Farm Circular, and the XYE Prospectus, in relation to the Solar Farm Agreement. Pursuant to the Solar Farm Agreement, Xinyi Solar has granted Xinyi Energy the Call Option. Xinyi Energy may serve a written notice on Xinyi Solar to exercise the Call Option at any time during the Call Right Period to purchase any or all of the Call Right Assets.

On 16 March 2020, Xinyi Energy served a Call Right Notice on Xinyi Solar to exercise the Call Option (Group 1) for the acquisition of the Call Right Assets (Group 1) pursuant to the terms and conditions of the Solar Farm Agreement and the Solar Farm (Group 1) Agreement.

## **SOLAR FARM AGREEMENT**

As disclosed in the XYS Solar Farm Announcement, the XYS Solar Farm Circular, and the XYE Prospectus, the principal terms of the Call Option under the Solar Farm Agreement are set forth below:

### **The Call Right Price**

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

Call Right Price = the greater of (a) is equal to (Adjusted EBITDA during Designated 12-month of Operation + Sales revenue VAT<sup>#</sup>) x Implied Multiple and (b) is equal to such amount representing one hundred and ten percent (110%) of the actual reasonable and documented construction costs of such Call Right Asset.

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<sup>#</sup> Representing the cash flow benefit arising from the set-off of VAT incurred on sales (Sales revenue VAT, charged on revenue derived from the electricity generated and transmitted as well as tariff adjustment) against the VAT incurred on purchases (VAT receivable, previously incurred when the capital expenditure was paid during the construction period of the solar farm project).

The Call Right Price will be deducted by such amount representing the net liabilities as of the date of completion of the acquisition of the relevant Completed Projects.

If the proposed acquisition of the Completed Projects is to be conducted by way of acquisition of the shares of the holding company of the relevant Completed Projects, the Call Right Price shall be deducted accordingly by such amount representing the net liabilities of the holding company of the Completed Projects as of the date of completion of the acquisition of the relevant Completed Projects.

For the purpose of determining the Call Right Price,

“**Adjusted EBITDA**” is defined as the consolidated EBITDA after eliminating the effect of the Adjustments, if applicable, for that year.

“**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.

“**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 Completed Projects. If there is any unexpected delay of more than one month to the targeted completion date, the parties to the Solar Farm Agreement shall discuss on the postponement of the commencement date of the Designated 12-month of Operation.

“**Implied Multiple**” = 7.2.

## **SOLAR FARM (GROUP 1) AGREEMENT**

In order to effect the Equity Transfer upon the exercise of the Call Option (Group 1), on 16 March 2020, the Solar Farm (Group 1) Agreement was entered into in relation to the acquisition of the Target Shares for the Consideration.

The principal terms of the Solar Farm (Group 1) Agreement are set forth below:

**Date**

16 March 2020

**Parties**

- (i) Xinyi Energy, as the purchaser; and
- (ii) the Vendor, as the vendor.

**Equity Transfer**

Xinyi Energy, as the purchaser has conditionally agreed to purchase, and the Vendor has agreed to sell, the Target Shares, representing the entire issued share capital of the Target Company.

**Target Subsidiaries and Call Right Assets (Group 1)**

The Target Subsidiaries are Power Sky, Sun Harbour, and Max Wisdom, each of which is the beneficial owner of the respective interests in the Call Right Assets (Group 1) as set forth in the table below:

<u>Call Right Assets (Group 1)</u>	<u>Name of the intermediate holding companies</u>	<u>Approved capacity</u> <i>(MW)</i>	<u>Approved Feed-in-Tariff rate</u> <i>(RMB)</i>
Zhanjiang Solar Farm One <sup>(1)</sup> .....	Max Wisdom	30	0.860
Zhanjiang Solar Farm Two <sup>(1)</sup> .....	Max Wisdom	70	0.453
Wuwei Solar Farm .....	Sun Harbour	30	0.4144
Laohekou Solar Farm .....	Power Sky	<u>100</u>	0.4161
<b>Total</b> .....		<u><u>230</u></u>	

*Note:*

(1) As of the date of this announcement, both Zhanjiang Solar Farm One and Zhanjiang Solar Farm Two are held as to 90% by Max Wisdom indirectly and 10% by an Independent Third Party.

All of the Call Right Assets (Group 1) are developed and constructed by Xinyi Solar under the national quota system in the PRC.

## **Reorganisation**

As of the date of this announcement, the Vendor is the holding company of the Target Subsidiaries, which principal assets are the Call Right Assets (Group 1). Pursuant to the Solar Farm (Group 1) Agreement, the Vendor shall procure completion of the transfer of the entire issued share capital of the Target Subsidiaries to the Target Company before the Completion Date.

## **Consideration**

Pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement, the amount of Consideration for the Equity Transfer will be determined according to the following formula:

$$\text{Consideration} = \text{Call Right Price} - \text{Debt} - \text{Estimated amounts due to supplies and other payables} + \text{Cash and receivable balances}$$

Where

“**Debt**” means the actual amount of indebtedness of the Target Company as of the Closing Account Date.

“**Estimated amounts due to suppliers and other payables**” means the estimated amount of payments due to third-party suppliers and others by the Target Company in connection with the construction of the Call Right Assets (Group 1) as of the Closing Accounts Date.

“**Cash and receivable balances**” means the cash and receivable balances of the Target Company as of the Closing Accounts Date.

The Call Right Price will be determined in accordance with the agreed equation pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement as of the Completion Date. As of the date of this announcement, the Call Right Price has been estimated by Xinyi Solar and Xinyi Energy to be RMB959.7 million (equivalent to HK\$1,067.9 million) based on the latest budgeted costs of the Call Right Assets (Group 1). The Call Right Price represents the valuation of Call Right Assets (Group 1) immediately after completion of the construction and grid connection.

The Consideration shall be settled by Xinyi Energy in Hong Kong Dollars, and 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, as published by the PBOC, during a period of ten (10) days immediately preceding the Completion Date.

### **Payment terms**

Xinyi Energy will pay 90% of the Consideration on the Completion Date and the remaining 10% of the Consideration on or before the first anniversary of the Completion Date.

The Consideration will be satisfied by Xinyi Energy with its internal resources and/or available banking facilities. The XYE Directors confirm that the payment of the Consideration will not have any impact on the use of the net proceeds from the Global Offering (as defined in the XYE Prospectus).

### **Preparation for Completion**

For the purpose of calculating the Consideration, Xinyi Solar will provide to Xinyi Energy the unaudited closing accounts of the Target Group (the “**Closing Accounts**”) on the closing accounts date which is currently 31 August 2020 (the “**Closing Accounts Date**”) by no later than ten (10) Business Days after the Closing Accounts Date. The Closing Accounts shall be prepared by the Target Group to Xinyi Energy’s satisfaction. Xinyi Solar shall not and shall cause the Target Company not to incur any additional Debt after the Closing Accounts Date.

The Closing Accounts are not audited accounts. If no agreement is reached on the Closing Accounts, audited Closing Accounts will be prepared pursuant to the Solar Farm (Group 1) Agreement, and adjustments (if applicable) will be made to the Consideration.

### **Basis of Consideration**

The XYE Board and the XYS Board confirm that the amount of Consideration is based on the formula set forth in the Solar Farm Agreement.

### **Conditions Precedent**

Completion of the Equity Transfer is subject to the following Conditions:

- (a) the Vendor being the sole legal and beneficial owner of the Target Shares free from all encumbrances and having the capacity and power to sell the Target Shares free from all encumbrances;

- (b) the Reorganisation having been completed;
- (c) Xinyi Energy having received a legal opinion issued by a law firm qualified to practise the laws of the PRC dated the Completion Date on the Target Subsidiaries confirming, inter alia, their corporate existence and the validity of their interests in and certain operational aspects and licensing matters of the Call Right Assets (Group 1), in the form and substance satisfactory to Xinyi Energy; and
- (d) the passing by the shareholders of Xinyi Energy at the XYE EGM of the resolutions approving the exercise of the Call Option (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement in accordance with the provisions of the Listing Rules.

If any of the Conditions has not been satisfied in accordance with the Solar Farm (Group 1) Agreement at or before 1:00 p.m. on or before the Completion Date, then unless the Vendor and Xinyi Energy agree otherwise in writing, the Completion Date shall be postponed to the Long-stop Date.

If any of the Conditions has not been satisfied by the Vendor in accordance with the Solar Farm (Group 1) Agreement at or before 1:00 p.m. on or before the Long-stop Date, the Solar Farm (Group 1) Agreement would be terminated, and neither parties to the Solar Farm (Group 1) Agreement would have any claim or cause of action against the other, save for any antecedent breach and the return of the Consideration (to the extent paid by Xinyi Energy, if any) by the Vendor to Xinyi Energy without interest within five (5) business days after determination of the Solar Farm (Group 1) Agreement.

## **REASONS FOR AND BENEFITS OF THE EXERCISE OF CALL OPTION (GROUP 1) AND THE ENTERING INTO OF THE SOLAR FARM (GROUP 1) AGREEMENT**

### **In relation to Xinyi Energy**

The Solar Farm Agreement is an integral part of the spin-off of Xinyi Energy from Xinyi Solar for the purpose of establishing a clear business delineation. The Solar Farm (Group 1) Agreement has been entered into for the purpose of acquiring the Call Right Assets (Group 1) by Xinyi Energy pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement.

The XYE Directors (including the XYE Acquisition Committee but excluding the independent non-executive XYE Directors who will express their opinion after considering the advice from the XYE Independent Financial Adviser) consider that it will be in Xinyi Energy's interests and the interest of its shareholders to continue to source construction completed and grid-connected utility-scale ground-mounted solar farm projects from the XYS Group. Given Xinyi Energy's established relationship with Xinyi Solar, its experience, market position, and the fact that Xinyi Solar is Xinyi Energy's holding company, the XYE Directors (including the XYE Acquisition Committee but excluding the independent non-executive XYE Directors who will express their opinion after considering the advice from the XYE Independent Financial Adviser) further consider that the terms of the Solar Farm (Group 1) Agreement (including the amount of Consideration) are fair and reasonable and it would be in Xinyi Energy's interests and the interests of its shareholders to exercise the Call Option (Group 1) and enter into the Solar Farm (Group 1) Agreement.

### **In relation to Xinyi Solar**

Immediately after the Completion, the Target Group will become non-wholly owned subsidiaries of the Company and its financial results will continue to be consolidated into that of the XYS Group. Any difference between the fair value of the Consideration and the amount by which the non-controlling interest of the Target Group is adjusted as a result of the Equity Transfer is recognised in equity attributable to the Vendor. Based on the Call Right Price calculated in accordance with the latest budgeted costs of the Call Right Assets (Group 1) and assuming that the Target Group holds no other assets and liabilities except the Call Rights Assets (Group 1), the Group will recognise an increase in equity attributable to owners of the Company of approximately HK\$38.3 million. However, the actual financial impact arising from Completion will depend on the final amount of the Consideration and the carrying amount of the Target Group as of the Completion Date. The proceeds from the Equity Transfer are expected to be used in selected existing business of the XYS Group, i.e. development and construction of solar farm projects and addition of solar glass production facilities, as well as general working capital.

The XYS Directors consider that the terms of the Solar Farm (Group 1) Agreement (including the amount of Consideration) are fair and reasonable and that the disposal of the Call Right Assets (Group 1) and the entering into of the Solar Farm (Group 1) Agreement are beneficial to the XYS Group and the shareholders of Xinyi Solar as it provides a well-defined approach for the XYS 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. In addition, as Xinyi Energy 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.

## INFORMATION OF THE TARGET COMPANY

The Target Company is a limited liability company incorporated under the laws of BVI and a direct wholly-owned subsidiary of the Vendor as of the date of this announcement. The Target Company is an investment holding company.

Based on the unaudited combined financial information of the Target Group for the year ended 31 December 2019, the unaudited combined total asset value and net asset value of the Target Company as of 31 December 2019 were HK\$668.0 million and HK\$7.8 million, respectively. The unaudited combined financial information of the Target Company for the two years ended 31 December 2018 and 2019 is as follows:

	Year ended 31 December	
	2018	2019
	HK\$'000	HK\$'000
Net (loss)/profit before tax .....	(5,617)	8,759
Net (loss)/profit after tax .....	(5,617)	9,260
Net (loss)/profit after tax attributable to equity owners .....	(5,060)	8,395

Pursuant to the Solar Farm (Group 1) Agreement, the Vendor shall use its best endeavor to procure completion of the transfer of the entire issued share capital of the Target Subsidiaries to the Target Company before the Completion Date.

Upon Completion, the Target Company will become a wholly-owned subsidiary of Xinyi Energy and the financial results of the Target Group will be consolidated into the financial statements of Xinyi Energy. As Xinyi Energy is a non-wholly owned subsidiary of Xinyi Solar, the Target Company will become an indirect non-wholly owned subsidiary of Xinyi Solar following Completion.

## INFORMATION OF XINYI ENERGY, XINYI SOLAR, AND THE VENDOR

### Xinyi Energy

The XYE Group is a leading non-State owned solar farm owner and operator in the PRC in terms of the approved capacity of the utility-scale ground-mounted solar farm projects in operation owned by XYE Group and under its management. Established and spun-off from Xinyi Solar, the XYE Group owns and operates utility-scale ground-mounted solar farm projects initially developed and constructed by Xinyi Solar. As of the date of this announcement, Xinyi Energy and its subsidiaries are indirect non-wholly owned subsidiaries of Xinyi Solar.

## **Xinyi Solar and the Vendor**

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 and operation of solar farms and the engineering, procurement and construction services. The Vendor is a direct wholly-owned subsidiary of Xinyi Solar and is an investment holding company.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **In relation to Xinyi Energy**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the exercise of the Call Option (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement is more than 5% but less than 25%, the exercise of the Call Option (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement constitutes a discloseable transaction for Xinyi Energy under Chapter 14 of the Listing Rules.

As of the date of this announcement, the XYE Controlling Shareholders and their respective associates are interested in 74.4% of the issued share capital of Xinyi Energy. The XYE Controlling Shareholders and their respective associates are also interested in 52.0% of the issued share capital of Xinyi Solar. The Vendor is a direct wholly-owned subsidiary of Xinyi Solar. Accordingly, the Vendor is a connected person of Xinyi Energy and the exercise of the Call Option (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement also constitutes a connected transaction for Xinyi Energy under Chapter 14A of the Listing Rules.

The exercise of the Call Option (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement is subject to the reporting and announcement and the independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

The XYE Independent Board Committee, comprising all the independent non-executive XYE Directors of Xinyi Energy, will be established to advise the XYE Independent Shareholders regarding the exercise of Call Option (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement.

As Dr. LEE Yin Yee, *B.B.S.*, Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M.*, and Mr. LEE Yau Ching are currently XYS Directors, they are considered to be materially interested in the relevant board resolutions to approve the exercise of the Call Option (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1)

Agreement). Accordingly, Dr. LEE Yin Yee, *B.B.S.*, Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M.*, and Mr. LEE Yau Ching have abstained from voting on the said board resolutions at the meeting of the XYE Board. No other XYE Directors have abstained from voting on the relevant board resolutions of Xinyi Energy.

### **In relation to Xinyi Solar**

Xinyi Energy is a non-wholly owned subsidiary of Xinyi Solar. As of the date of this announcement, the XYS Controlling Shareholders and their respective associates are interested in 52.0% of the issued share capital of Xinyi Solar. The XYS Controlling Shareholders and their respective associates are also interested in 27.7% of the issued share capital of Xinyi Energy. Accordingly, Xinyi Energy is a connected subsidiary of Xinyi Solar under Chapter 14A of the Listing Rules, and the disposal of the Call Right Assets (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement constitutes a connected transaction for Xinyi Solar under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the disposal of the Call Right Assets (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement is more than 1% but less than 5%, the disposal of the Call Right Assets (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Dr. LEE Yin Yee, *B.B.S.*, Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M.*, and Mr. LEE Yau Ching are currently XYE Directors, and Mr. LI Man Yin has interests in the share capital of XYE, they are considered to be materially interested in the relevant board resolutions to approve the disposal of the Call Right Assets (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement). Accordingly, Dr. LEE Yin Yee, *B.B.S.*, Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M.*, Mr. LEE Yau Ching and Mr. LI Man Yin have abstained from voting on the said board resolutions at the meeting of the XYS Board. No other XYS Directors have abstained from voting on the relevant board resolutions of Xinyi Solar.

### **THE XYE EGM AND THE SHAREHOLDERS' CIRCULAR TO BE DISPATCHED BY XINYI ENERGY**

The XYE EGM will be convened for the purpose of considering and, if thought fit, approving the the exercise of the Call Option (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement.

The XYE Controlling Shareholders have indicated that they would abstain from voting at the XYE EGM. Save as disclosed above, to the best of knowledge, information and belief having made all reasonable enquiries by the XYE Directors, no other shareholders of Xinyi Energy or any of its associates has a material interest in the exercise of the Call Option (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement and hence, no other shareholders of Xinyi Energy would be required to abstain from voting on the relevant resolutions to be proposed at the XYE EGM.

A circular to be dispatched by Xinyi Energy containing, among other things: (i) further information on the exercise of the Call Option (Group 1) pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement; (ii) a letter of recommendations from the XYE Independent Board Committee; (iii) a letter of advice from the Xinyi Energy Independent Financial Adviser; and (iv) a notice of the XYE EGM is expected to be dispatched to the shareholders of Xinyi Energy on or before 6 April 2020 in full compliance with the requirements under the Listing Rules.

## **DEFINITIONS USED IN THIS ANNOUNCEMENT**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

<b>“associate(s)”</b>	has the meaning ascribed to it under the Listing Rules;
<b>“BVI”</b>	means the British Virgin Islands;
<b>“Call Option”</b>	means the call option granted by Xinyi Solar to Xinyi Energy pursuant to the Solar Farm Agreement, which requires the XYS Group to sell to the XYE Group the Call Right Assets;
<b>“Call Option (Group 1)”</b>	means the call option to be exercised by Xinyi Energy to acquire the Call Right Assets (Group 1) from the XYS Group pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement;
<b>“Call Right Assets”</b>	means Completed Projects set forth in the Solar Farm List;

<b>“Call Right Assets (Group 1)”</b>	means the relevant Call Right Assets to be acquired by Xinyi Energy through the Equity Transfer, namely (a) Zhanjiang Solar Farm One, (b) Zhanjiang Solar Farm Two, (c) Wuwei Solar Farm, and (d) Laohekou Solar Farm, further information on which is set forth in the paragraph headed “The Solar Farm (Group 1) Agreement — Target Subsidiaries and Call Right Assets (Group 1)” in this announcement;
<b>“Call Right Notice”</b>	means the notice delivered by Xinyi Energy to Xinyi Solar on 16 March 2020 pursuant to the Solar Farm Agreement for the exercise of the Call Option (Group 1);
<b>“Call Right Period”</b>	with respect to each Call Right Asset in the PRC, refers to the period commencing on the date that is ninety (90) days prior to the date on which such Call Right Asset is scheduled to become commercially operational in the PRC in the same batch or categorisation and terminating on the Call Right Period Expiration Date;
<b>“Call Right Period Expiration Date”</b>	with respect to each Call Right Asset, refers to the earliest of (a) the date on which Xinyi Energy receives written notice from Xinyi Solar that such Call Right Asset constitutes a Terminated Call Right Asset; (b) the date on which Xinyi Energy gives notice to Xinyi Solar to exercise the Solar Farm ROFR; (c) solely with respect to Call Right Assets in the PRC in the same batch or categorization, in the event Xinyi Energy has acquired or agreed to acquire a subsequent batch of Call Right Asset in the PRC, the date on which the closing of the transaction occurs; or (d) the date which is 36 months after the date on which the construction of such Call Right Asset in the PRC has substantially completed;
<b>“Call Right Price”</b>	means the exercise price of the Call Option in respect of each Call Right Asset as set forth in the Solar Farm Agreement;

<b>“Closing Accounts”</b>	means the unaudited statement of closing accounts of the Target Company as of the close of business on the Closing Accounts Date;
<b>“Closing Accounts Date”</b>	means 31 August 2020 or such other date as the parties to the Solar Farm (Group 1) Agreement may agree in writing;
<b>“Completed Projects”</b>	means the substantially completed construction and grid-connected utility-scale ground-mounted solar farm projects developed or constructed by the YYS Group;
<b>“Completion”</b>	means completion of the Equity Transfer;
<b>“Completion Date”</b>	means (i) on or before 30 September 2020 or (ii) such other date as the parties to the Solar Farm (Group 1) Agreement may agree in writing on which Completion takes place, but in any event shall not be later than the first anniversary of the date of the Call Right Notice;
<b>“Condition(s)”</b>	means condition(s) precedent to the Equity Transfer set forth in the Solar Farm (Group 1) Agreement;
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules;
<b>“Equity Transfer”</b>	means the transfer of the Target Shares, representing the entire issued share capital of the Target Company, pursuant to the Solar Farm Agreement and the Solar Farm (Group 1) Agreement;
<b>“Feed-in-Tariff”</b>	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;
<b>“Hong Kong”</b>	means The Hong Kong Special Administrative Region of the People’s Republic of China;

<b>“HK\$” or “Hong Kong Dollars”</b>	means Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Independent Third Party(ies)”</b>	has the meaning ascribed to it under the Listing Rules;
<b>“Laohekou Solar Farm”</b>	means Laohekou Solar Farm (老河口光伏電站), the utility-scale ground-mounted solar farm project operated by Xinyi New Energy (Xiangyang) Co., Ltd.* (信義新能源 (襄陽) 有限公司) and located in Laohekou City, Hubei Province, the PRC with an approved capacity of 100 MW, which is wholly-owned by Power Sky directly;
<b>“Listing Rules”</b>	means The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
<b>“Long-stop Date”</b>	means 14 May 2021 (or such other date as the parties to the Solar Farm (Group 1) Agreement may agree in writing on which Completion takes place, but in any event shall not be later than sixty (60) days from the first anniversary of the date of the Call Right Notice);
<b>“Max Wisdom”</b>	means Max Wisdom Enterprises Limited, an indirect wholly-owned subsidiary of Xinyi Solar, and a company incorporated in Hong Kong and the beneficial owner of 90% of each of Zhanjiang Solar Farm One and Zhanjiang Solar Farm Two;
<b>“MW”</b>	means unit of energy (power), megawatt;
<b>“PBOC”</b>	means The People’s Bank of China, the central bank of the PRC;
<b>“Power Sky”</b>	means Power Sky Development Limited, an indirect wholly-owned subsidiary of Xinyi Solar, and a company incorporated in Hong Kong and the sole legal and beneficial owner of Laohekou Solar Farm;

<b>“PRC”</b>	means The People’s Republic of China, excluding Hong Kong, The Macau Special Administrative Region of the People’s Republic of China, and Taiwan for the purpose of this announcement;
<b>“Reorganisation”</b>	means the transfer of the entire issued share capital of the Target Subsidiaries held by the Vendor to the Target Company pursuant to the Solar Farm (Group 1) Agreement;
<b>“RMB”</b>	means Renminbi, the lawful currency of the PRC;
<b>“Solar Farm Agreement”</b>	means the solar farm agreement dated 5 December 2018 entered by and between Xinyi Solar and Xinyi Energy;
<b>“Solar Farm (Group 1) Agreement”</b>	means the sale and purchase agreement entered into between Xinyi Power (BVI) Limited as the vendor and Xinyi Energy as the purchaser on 16 March 2020 regarding the Equity Transfer;
<b>“Solar Farm List”</b>	means the list of Completed Projects to be updated and provided by Xinyi Solar to Xinyi Energy on a quarterly basis;
<b>“Solar Farm ROFR”</b>	means the right of first refusal granted by Xinyi Solar to Xinyi Energy pursuant to the Solar Farm Agreement on the acquisition of the Call Right Assets that would otherwise be sold by Xinyi Solar to Independent Third Party upon the same terms and conditions;
<b>“Stock Exchange”</b>	means The Stock Exchange of Hong Kong Limited;
<b>“Sun Harbour”</b>	means Sun Harbour International Limited, an indirect wholly-owned subsidiary of Xinyi Solar, and a company incorporated in Hong Kong and the sole beneficial owner of the Wuwei Solar Farm;
<b>“Target Company”</b>	means Xinyi Solar Farm (Group 3) Limited, a company incorporated under the laws of BVI and indirectly wholly-owned by Xinyi Solar as of the date of this announcement;

<b>“Target Group”</b>	the Target Company, the Target Subsidiaries and their respective subsidiaries (where applicable);
<b>“Target Shares”</b>	means the 200 ordinary shares in the Target Company, representing all its shares in issue;
<b>“Target Subsidiaries”</b>	means Power Sky, Sun Harbour, and Max Wisdom;
<b>“Terminated Call Right Asset”</b>	means the Call Right Asset that may be removed from the Solar Farm List if there is any legal or regulatory restriction on the part of the Remaining Group that prohibits the transfer of such Call Right Asset to any third party or that it is under Solar Farm ROFR;
<b>“Vendor”</b>	means Xinyi Power (BVI) Limited, a company incorporated under the laws of BVI and a direct wholly-owned subsidiary of Xinyi Solar as of the date of this announcement;
<b>“Wuwei Solar Farm”</b>	means Wuwei Solar Farm (無為光伏電站(第3期)), the utility-scale ground-mounted solar farm project operated by Wuwei New Innovation Energy Co., Ltd.* (無為信創新能源有限公司) and located in Wuhu City, Anhui Province, the PRC with an approved capacity of 30 MW, which is wholly-owned by Sun Harbour indirectly;
<b>“Xinyi Energy”</b>	means Xinyi Energy Holdings Limited (信義能源控股有限公司), a company incorporated under the laws of BVI with limited liability, the shares of which are listed on the Stock Exchange (stock code: 03868);
<b>“Xinyi Glass”</b>	means Xinyi Glass Holdings Limited (信義玻璃控股有限公司), a company incorporated in the Cayman Islands with limited liability and its shares are listed on the Stock Exchange (stock code: 00868);

<b>“Xinyi Solar”</b>	means Xinyi Solar Holdings Limited (信義光能控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 00968);
<b>“XYE Acquisition Committee”</b>	means the acquisition committee of the XYE Board established for the purpose of considering and if appropriate, approving any acquisition of Call Right Assets, and for the purpose of this announcement, excludes the independent non-executive XYE Directors;
<b>“XYE Board”</b>	means the board of directors of Xinyi Energy;
<b>“XYE Controlling Shareholders”</b>	has the meaning ascribed to it under the Listing Rules and, in the case of Xinyi Energy, refers to Xinyi Solar, Dr. LEE Yin Yee, <i>B.B.S.</i> , Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai <i>P.S.M, D.M.S.M.</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;
<b>“XYE Directors”</b>	means the directors of Xinyi Energy;
<b>“XYE EGM”</b>	means the extraordinary general meeting of Xinyi Energy to be convened to consider and, if thought fit, to approve, among others, the exercise of Call Option (Group 1) pursuant to the Solar Farm (Group 1) Agreement and the Solar Farm Agreement, at which the XYE Controlling Shareholders will abstain from voting;
<b>“XYE Group”</b>	means Xinyi Energy and its subsidiaries;
<b>“XYE Independent Board Committee”</b>	means the independent board committee of the XYE Board to be established;

<b>“XYE Independent Financial Adviser”</b>	means the independent financial adviser to be appointed by the XYE Independent Board Committee to advise the XYE Independent Board Committee and the independent shareholders of Xinyi Energy in relation to the exercise of Call Option (Group 1) pursuant to the Solar Farm (Group 1) Agreement and the Solar Farm Agreement;
<b>“XYE Prospectus”</b>	means the prospectus issued by Xinyi Energy dated 15 May 2019;
<b>“XYS Board”</b>	means the board of directors of Xinyi Solar;
<b>“XYS Controlling Shareholders”</b>	has the meaning ascribed to it under the Listing Rules and, in the case of Xinyi Solar, refers to Xinyi Glass and its subsidiaries (other than members of the XYE Group), Dr. LEE Yin Yee, <i>B.B.S.</i> , Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai <i>P.S.M., D.M.S.M.</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;
<b>“XYS Directors”</b>	means the directors of Xinyi Solar;
<b>“XYS Group”</b>	means Xinyi Solar and its subsidiaries (other than members of the XYE Group);
<b>“XYS Solar Farm Announcement”</b>	means the announcement dated 2 November 2018 issued by Xinyi Solar;
<b>“XYS Solar Farm Circular”</b>	means the shareholders’ circular dated 2 November 2018 issued by Xinyi Solar;
<b>“Zhanjiang Solar Farm One”</b>	means Zhanjiang Solar Farm One (湛江光伏電站(第1期)), the utility-scale ground-mounted solar farm project operated by Guangdong Shenke New Energy Co., Ltd.* (廣東深科新能源有限公司) and located in Zhanjiang City, Guangdong Province, the PRC with an approved capacity of 70 MW, which is owned as to 90% by Max Wisdom indirectly and 10% by an Independent Third Party;

**“Zhanjiang Solar Farm Two”**

means Zhanjiang Solar Farm Two (湛江光伏电站(第2期)), the utility-scale ground-mounted solar farm project operated by Guangdong Shenke New Energy Co., Ltd.\* (廣東深科新能源有限公司) and located in Zhanjiang City, Guangdong Province, the PRC with an approved capacity of 70 MW, which is owned as to 90% by Max Wisdom indirectly and 10% by an Independent Third Party; and

“%”

denotes as per cent.

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

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

Hong Kong, 16 March 2020

*The translation of RMB into HK\$ in this joint announcement is based on the rate of RMB0.8987 = 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.*

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

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

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

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