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## **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)**

- (1) DISCLOSEABLE TRANSACTION  
(UPDATED INFORMATION ON PROPOSED SPIN-OFF  
AND PROPOSED TARGET DISPOSAL)**
- (2) CONNECTED TRANSACTIONS WITH XINYI ENERGY  
FOLLOWING THE PROPOSED XYE LISTING  
(UPDATED INFORMATION ON SOLAR FARM AGREEMENT  
AND SOLAR FARM O&M AGREEMENT)**
- (3) FURTHER INFORMATION ON THE XYE ASSURED  
ENTITLEMENT**
- (4) DESPATCH OF VOLUNTARY DOCUMENT**

The Board refers to the Major Transaction Circular, in which detailed information on the Proposed Spin-Off and the Proposed XYE Listing has been disclosed. The Board also refers to the announcement dated 21 November 2018 on the poll results at the Previous Extraordinary General Meeting, at which the Approved EGM Resolutions have been duly passed and approved by the Independent Shareholders and the Shareholders. Xinyi Energy also issued the XYE Prospectus (December 2018) on 10 December 2018, but the Proposed XYE Global Offering was not proceeded according to the timetable set forth in the XYE Prospectus (December 2018) in view of the then continuing stock market volatility.

On 15 March 2019, Xinyi Energy submitted to the Stock Exchange a renewed application for the Proposed XYE Listing. On 15 May 2019, Xinyi Energy has issued the XYE Prospectus (May 2019).

Based on the Applicable Percentage Ratios, the Proposed Spin-Off, together with the Proposed Target Disposal, will constitute a discloseable transaction (as such term is defined under the Listing Rules) for the Company.

As part of the arrangements for the Proposed Spin-Off and the Proposed XYE Listing, the Solar Farm Agreement and the Solar Farm O&M Agreement have been entered into for the purpose of establishing clear business delineation between the Remaining Group and the Xinyi Energy Group, which will carry on, inter alia, the Solar Farm Development Business and the Solar Farm Operation Business, respectively. The Deed of Non-Competition has also been entered into as part of the arrangement for the Proposed Spin-Off and the Proposed XYE Listing, and Xinyi Energy conditionally adopted the XYE Post-IPO Share Option on 22 November 2018.

#### **UPDATED INFORMATION ON THE PROPOSED SPIN-OFF**

The XYE Prospectus (May 2019) has been issued by Xinyi Energy on 15 May 2019, and the following sets forth the material updated information in the XYE Prospectus (May 2019):

- (a) change in the timetable for the Proposed XYE Listing;
- (b) updated the Track Record Period (as defined in the XYE Prospectus (May 2019)) to include the three years ended 31 December 2018 (as compared to the three years ended 31 December 2017 and the six months ended 30 June 2018 stated in the XYE Prospectus (December 2018)) and the corresponding updates to the financial and operational information of the Xinyi Energy Group and the Target Companies;
- (c) the total number of the XYE Offer Shares has been slightly increased from 1,880,077,547 XYE Shares to 1,882,609,471 XYE Shares as a result of the placing and top-up subscription transaction completed by the Company on 12 March 2019 without any change in the basis of the XYE Assured Entitlement as announced by the Company on 29 November 2018;
- (d) the inclusion of the annual cap for the year ending 31 December 2021 (as compared to the three years ending 31 December 2020 stated in the Major Transaction Circular) for the continuing connected transactions for the Company under the Solar Farm O&M Agreement; and
- (e) the impact of the 2019 Grid Parity Notice, further information on which is set forth in the Voluntary Document.

## **CONDITIONS PRECEDENT TO THE PROPOSED SPIN-OFF**

The Proposed Spin-Off is conditional upon, among other things, the followings:

- (i) the Listing Committee granting the listing of and permission to deal in the XYE Shares in issue and any XYE Shares which may be issued pursuant to the Proposed Spin-Off;
- (ii) the agreement of the terms of the Proposed XYE Global Offering among the Company, Xinyi Energy and the underwriter(s) of the Proposed XYE Global Offering taking into consideration the prevailing capital market conditions at the time of launch of the Proposed XYE Global Offering; and
- (iii) the final decision of the Board and the XYE Board.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **Approved EGM Resolutions**

Based on the Applicable Percentage Ratios, the Proposed Spin-Off, together with the Proposed Target Disposal, will constitute a discloseable transaction (as such term is defined under the Listing Rules) for the Company and is not required to be approved by Shareholders in general meeting.

The Proposed Spin-Off, Proposed Target Disposal, Solar Farm Agreement, Solar Farm O&M Agreement, Deed of Non-Competition, and the adoption of the Post-IPO Share Option have been duly approved by the Independent Shareholders and the Shareholders at the Previous Extraordinary General Meeting. The Directors confirm, with the advice from the Cayman Islands' legal advisers, that the Approved EGM Resolutions are valid. Although certain circumstances and the timetable for the Proposed Spin-Off and the Proposed XYE Listing have changed, the Directors are of the view that such changes are not fundamental and have not changed the material facts that support the Approved EGM Resolutions. Hence, the Directors (including the independent non-executive Directors) confirm that no additional extraordinary general meeting would need to be convened for the purpose of relaunching the Proposed XYE Listing and the Proposed XYE Global Offering.

## **Continuing connected transactions under the Solar Farm O&M Agreement**

The Solar Farm O&M Agreement is proposed to have an initial term of three years. If the Company ceases to be one of the controlling shareholders of Xinyi Energy during the term of the Solar Farm O&M Agreement, the Solar Farm O&M Agreement may be terminated by either party with six (6) months' prior written notice.

In addition, the Directors confirm that the services to be provided by the Xinyi Energy Group to the Remaining Group under the Solar Farm O&M Agreement will be determined with reference to the cost incurred by the Xinyi Energy Group and the then prevailing market rates of similar transactions. These transactions would constitute continuing connected transactions for the Company, and the aggregate amount of which is expected to be more than 0.1% but less than 5% under the Applicable Percentage Ratios to the Company, and would be exempt from the circular and shareholders' approval requirements. These transactions would be subject to the annual reporting and announcement requirements under Chapter 14A of the Listing Rules.

## **XYE ASSURED ENTITLEMENT**

In order to allow the Shareholders to participate in the Proposed XYE Global Offering on an preferential basis as to allocation only, subject to the Stock Exchange granting conditional approval for the listing of, and permission to deal in, the XYE Shares on the Stock Exchange and the Proposed Spin-Off, Proposed XYE Global Offering, and the Proposed XYE Listing becoming unconditional, Qualifying Shareholders will be invited to apply for the XYE Reserved Shares which represent 42.75% of the total number of the XYE Offer Shares (assuming that the Over-allotment Option (as defined in the XYE Prospectus (May 2019)) is not exercised). The XYE Reserved Shares will not be subject to reallocation between the different tranches under the Proposed XYE Global Offering.

## **DESPATCH OF THE VOLUNTARY DOCUMENT**

The Voluntary Document containing, amongst other things, (i) updated information on matters on the Proposed Spin-Off; (ii) the letter of advice from the Independent Board Committee to the Shareholders; and (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee on the Proposed Spin-Off, Proposed Target Disposal, Solar Farm Agreement, Solar Farm O&M Agreement, and the Deed of Non-Competition has been despatched by the Company to the Shareholders on a voluntary basis on 15 May 2019.

## **GENERAL INFORMATION**

**The Directors would like to emphasise that there is no assurance that the Proposed Spin-Off, Proposed XYE Global Offering, and the Proposed XYE Listing will take place or the relevant approval will be granted, or as to when it may take place or be granted. The implementation of the Proposed Spin-Off, Proposed XYE Global Offering, and the Proposed XYE Listing is dependent on a number of factors and subject to a number of conditions, which may or may not be satisfied, including the approval of the Stock Exchange and the final decision of the Board and the XYE Board. There is no certainty as to whether, and if so when, the Proposed Spin-Off, Proposed XYE Global Offering, and the Proposed XYE Listing will take place. The expected market capitalisation of Xinyi Energy stated in this announcement is an estimation of the Directors only with reference to the information currently available to them and has yet to be discussed with investors through the book-building process that would be conducted by Xinyi Energy as part of the preparation for the Proposed XYE Global Offering.**

**In any event, the decision on whether to proceed with the Proposed Spin-Off, Proposed XYE Global Offering, and the Proposed XYE Listing will be at the discretion of the Directors and the XYE Directors. In making the decision, the Directors will take into consideration all factors and other considerations they consider relevant, including the prevailing capital market conditions, the likely valuation of Xinyi Energy that can be achieved and whether the Proposed XYE Global Offering will, in their view, maximise the benefits to the Company and the Shareholders as a whole. Accordingly, Shareholders and potential investors in the Shares and other securities of the Company should exercise caution when dealing in or investing in the Shares and are recommended to consult their professional advisers if they are in any doubt about their positions.**

**This announcement is not intended to, and does not, constitute an offer to sell or an invitation to or a solicitation of an offer to subscribe or buy any XYE Shares in connection with the Proposed XYE Global Offering or otherwise. Any such offer or solicitation will be made solely through a prospectus or offering circular in compliance with applicable laws and any decision to purchase or subscribe for the XYE Share in connection with the Proposed XYE Global Offering or otherwise should be made solely on the basis of the information contained in the XYE Prospectus (May 2019) or offering circular. Other than in Hong Kong, no action has been or will be taken in any jurisdiction that would permit a public offering of the XYE Offer Shares that may be offered in the Proposed XYE Global Offering in any jurisdiction where action for that purpose is required, including but not limited to the United States.**

## **INTRODUCTION**

The Board refers to the Major Transaction Circular, in which detailed information on the Proposed Spin-Off and the Proposed XYE Listing has been disclosed. The Board also refers to the announcement dated 21 November 2018 on the poll results at the Previous Extraordinary General Meeting, at which the Approved EGM Resolutions have been duly passed and approved by the Independent Shareholders and the Shareholders. Xinyi Energy also issued the XYE Prospectus (December 2018) on 10 December 2018, but the Proposed XYE Global Offering was not proceeded according to the timetable set forth in the XYE Prospectus (December 2018) in view of the then continuing stock market volatility.

On 15 March 2019, Xinyi Energy submitted to the Stock Exchange a renewed application for the Proposed XYE Listing. On 15 May 2019, Xinyi Energy has issued the XYE Prospectus (May 2019).

Based on the Applicable Percentage Ratios, the Proposed Spin-Off, together with the Proposed Target Disposal, will constitute a discloseable transaction (as such term is defined under the Listing Rules) for the Company.

As part of the arrangements for the Proposed Spin-Off and the Proposed XYE Listing, the Solar Farm Agreement and the Solar Farm O&M Agreement have been entered into for the purpose of establishing clear business delineation between the Remaining Group and the Xinyi Energy Group, which will carry on, inter alia, the Solar Farm Development Business and the Solar Farm Operation Business, respectively. The Deed of Non-Competition has also been entered into as part of the arrangement for the Proposed Spin-Off and the Proposed XYE Listing, and Xinyi Energy conditionally adopted the XYE Post-IPO Share Option Scheme in the extraordinary general meeting of Xinyi Energy on 22 November 2018.

## **UPDATED INFORMATION ON THE PROPOSED SPIN-OFF**

The following sets forth the material updated information in the XYE Prospectus (May 2019):

- (a) change in the timetable for the Proposed XYE Listing;
- (b) updated the Track Record Period (as defined in the XYE Prospectus (May 2019)) to include the three years ended 31 December 2018 (as compared to the three years ended 31 December 2017 and the six months ended 30 June 2018 stated in the XYE Prospectus (December 2018)) and the corresponding updates to the financial and operational information of the Xinyi Energy Group and the Target Companies;

- (c) the total number of the XYE Offer Shares has been slightly increased from 1,880,077,547 XYE Shares to 1,882,609,471 XYE Shares as a result of the placing and top-up subscription transaction completed by the Company on 12 March 2019 without any change in the basis of the XYE Assured Entitlement as announced by the Company on 29 November 2018;
- (d) the inclusion of the annual cap for the year ending 31 December 2021 (as compared to the three years ending 31 December 2020 stated in the Major Transaction Circular) for the continuing connected transactions for the Company under the Solar Farm O&M Agreement; and
- (e) the impact of the 2019 Grid Parity Notice, further information on which is set forth in the Voluntary Document.

Save as mentioned above, the arrangements for the Proposed Spin-Off and the Proposed XYE Listing would not involve any material change, alter the material terms and conditions of the Proposed Spin-Off (and the agreed arrangements between the Remaining Group and the Xinyi Energy Group following completion of the Proposed Spin-Off) or otherwise jeopardise the interest of the Independent Shareholders, as confirmed by the Directors.

Following completion of the Proposed Spin-Off and the Proposed XYE Listing, Xinyi Energy Group and its subsidiaries will continue to be subsidiaries of the Company. The operating results of the Xinyi Energy Group will therefore be consolidated into the financial statements of the Company.

**The Directors would like to emphasise that there is no assurance that the Proposed Spin-Off, Proposed XYE Global Offering, and the Proposed XYE Listing will take place or the relevant approval will be granted, or as to when it may take place or be granted. The implementation of the Proposed Spin-Off, Proposed XYE Global Offering, and the Proposed XYE Listing is dependent on a number of factors and subject to a number of conditions, which may or may not be satisfied, including the approval of the Stock Exchange and the final decision of the Board and the XYE Board. There is no certainty as to whether, and if so when, the Proposed Spin-Off, Proposed XYE Global Offering, and the Proposed XYE Listing will take place. The expected market capitalisation of Xinyi Energy stated in this announcement is an estimation of the Directors only with reference to the information currently available to them and has yet to be discussed with investors through the book-building process that would be conducted by Xinyi Energy as part of the preparation for the Proposed XYE Global Offering.**

**In any event, the decision on whether to proceed with the Proposed Spin-Off, Proposed XYE Global Offering, and the Proposed XYE Listing will be at the discretion of the Directors and the XYE Directors. In making the decision, the Directors will take into consideration all factors and other considerations they consider relevant, including the prevailing capital market conditions, the likely valuation of Xinyi Energy that can be achieved and whether the Proposed XYE Global Offering will, in their view, maximise the benefits to the Company and the Shareholders as a whole. Accordingly, Shareholders and potential investors in the Shares and other securities of the Company should exercise caution when dealing in or investing in the Shares and are recommended to consult their professional advisers if they are in any doubt about their positions.**

## **CONDITIONS PRECEDENT TO THE PROPOSED SPIN-OFF**

The Proposed Spin-Off is conditional upon, among other things, the followings:

- (i) the Listing Committee granting the listing of and permission to deal in the XYE Shares in issue and any XYE Shares which may be issued pursuant to the Proposed Spin-Off;
- (ii) the agreement of the terms of the Proposed XYE Global Offering among the Company, Xinyi Energy and the underwriter(s) of the Proposed XYE Global Offering taking into consideration the prevailing capital market conditions at the time of launch of the Proposed XYE Global Offering; and
- (iii) the final decision of the Board and the XYE Board.

## **BUSINESS OF THE XINYI ENERGY GROUP**

### **Overview**

As of the Latest Practicable Date, all solar farm projects under the Initial Portfolio have been enlisted on the sixth and seventh batch of the Subsidy Catalogue. In addition, from November 2016 to December 2018, the Group has received tariff adjustment from the PRC Government in the aggregate amount of RMB1,004.3 million (equivalent to HK\$1,145.7 million).

As of the Latest Practicable Date, Xinyi Energy is a non-wholly owned subsidiary of the Company holding 75.0% of the XYE Shares in issue. The remaining of 25.0% of the XYE Shares in issue are held by the Equity Investors. Pursuant to the Proposed Spin-Off, Xinyi Energy will issue new XYE Shares, which represent the XYE Offer Shares, under the Proposed XYE Global Offering. Upon completion of the Proposed



XYE Global Offering and based on the current structure of the Proposed XYE Global Offering, Xinyi Energy will become a company listed on the Stock Exchange and will continue to be a non-wholly owned subsidiary of the Company and the Company is expected to hold around 53.7% of the then XYE Shares in issue.

The Xinyi Energy Group currently owns and manages nine utility-scale ground-mounted solar farm projects, and sells electricity generated to the State Grid network. As of 31 December, 2016, 2017, and 2018, the total approved capacity of the grid-connected utility-scale ground-mounted solar farm projects under the Initial Portfolio remained unchanged at 954 MW. Revenue from the solar farm business amounted to HK\$968.3 million, HK\$1,116.0 million, and HK\$1,200.6 million for the three years ended 31 December 2018, respectively.

### **Financial information of the Xinyi Energy Group**

The table below is the profits before and after tax of the Xinyi Energy Group for the three years ended 31 December 2018 based on its audited consolidated financial statements:

	<b>Year ended 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Profit before tax	659,067	734,809	792,656
Profit after tax	659,005	719,639	745,027

The net asset value of the Xinyi Energy Group attributable to owners of Xinyi Energy as of 31 December 2016, 2017, and 2018 were HK\$4,791.4 million, HK\$6,106.7 million, and HK\$6,405.7 million, respectively.

### **PROPOSED TARGET DISPOSAL**

In addition to the deemed disposal of the equity interest in Xinyi Energy following completion of the Proposed Spin-Off and the Proposed XYE Listing by way of the Proposed XYE Global Offering, the Xinyi Energy Group will acquire, pursuant to the Target Sale and Purchase Agreement, from the Remaining Group, all issued shares of New Wisdom, Sky Falcon, Perfect Alliance, Profit Noble, and Sky Cheer (or their holding company for tax efficiency purpose) which hold, through their respective wholly-owned subsidiaries in the PRC, the utility-scale ground-mounted solar projects under the Target Portfolio.

The Proposed Target Disposal has been approved at the Previous Extraordinary General Meeting.

Pursuant to the terms of the Target Sale and Purchase Agreement, the Xinyi Energy Group will pay to the Remaining Group out of the net proceeds from the Proposed XYE Global Offering the Target Selling Price. Such payment will be made by way of (a) an upfront payment of 50% upon completion of the Proposed Target Disposal which is expected to take place within one month from the XYE Listing Date and (b) the outstanding amount will be settled by the Xinyi Energy Group on the earlier of (i) the fourth anniversary of the XYE Listing Date, which is currently expected to be in 2023, and (ii) by instalments following the receipt of the tariff adjustment relating to the electricity generated by the solar farm projects under the Target Portfolio. On this basis, the outstanding amount will only be deferred to the respective time periods up to the delayed payment of the tariff adjustment is settled by the PRC Government.

The above payment arrangement of the outstanding amount is designed to match the expected receipt of the delayed tariff adjustment incurred by the Target Portfolio from the PRC Government. Hence, the proposed payment arrangement of the outstanding amount is not intended to provide any kind of unlimited support by the Remaining Group, or otherwise to shift the risk back to the Remaining Group following completion of the Target Acquisition, in the event of default in payment of the tariff adjustment by the PRC Government. The proposed payment arrangement, which has no fixed number of instalments and payment amounts, is also consistent with the industry practice of acquiring solar farm projects in the PRC subject to tariff adjustment under the Feed-in-Tariff regime. Following the Proposed Target Disposal, the Target Companies will be wholly-owned subsidiaries of Xinyi Energy, which will be a non-wholly owned subsidiary of the Company and the operating results of the Xinyi Energy Group (and the Target Companies) will be consolidated into the consolidated financial statements of the Remaining Group.

## **PROPOSED USE OF NET PROCEEDS BY XINYI ENERGY FROM THE PROPOSED XYE GLOBAL OFFERING**

The XYE Offer Shares will be offered to members of the public in Hong Kong and institutional, professional, and other investors in selected jurisdictions pursuant to the Proposed XYE Global Offering. Xinyi Energy will offer 804,736,584 XYE Offer Shares, representing 42.75% of the total number of the XYE Offer Shares or 12.14% of enlarged XYE Shares immediately after the Proposed XYE Global Offering (assuming that the XYE Over-allotment Option is not exercised), for the XYE Assured Entitlement.

Based on the information currently available to the Directors, the expected market capitalisation of Xinyi Energy at the time of the Proposed XYE Listing would be in the range between HK\$12.5 billion and HK\$15.6 billion. This range of valuation is unrelated to the results of the Applicable Percentage Ratios, as members of the Xinyi Energy Group will continue to be non-wholly owned subsidiaries of the Company following completion of the Proposed Spin-Off and the Proposed XYE Listing by way of the Proposed XYE Global Offering.

In light of foregoing, the gross proceeds from the Proposed XYE Global Offering would be in the range between HK\$ 3.56 billion and HK\$ 4.42 billion, and the net proceeds that may be received by Xinyi Energy would be in the range between HK\$3.43 billion and HK\$4.29 billion. The Directors understand that Xinyi Energy currently intends to use the net proceeds from the Proposed XYE Global Offering for the following purposes:

- (i) approximately 90.0% of the net proceeds from the Proposed XYE Global Offering will be used for the payment of the Target Selling Price, of which an upfront payment of 50.0% will be settled upon completion of the Target Disposal and the remaining balance of 50.0% will be settled on the earlier of (a) the fourth anniversary of the XYE Listing Date and (b) by instalments following the receipt of the tariff adjustment receivables relating to the solar farm projects under Target Portfolio pursuant to the Target Sale and Purchase Agreement; and
- (ii) approximately 10.0% of the net proceeds from the Proposed XYE Global Offering will be used for the working capital and loan refinancing for the purpose of reducing the interest expense of Xinyi Energy.

The Directors also understand that if the net proceeds from the Proposed XYE Global Offering are either more or less than expected, Xinyi Energy currently intends to apply the net proceeds on a pro-rata basis.

## **CONNECTED TRANSACTIONS WITH MEMBERS OF THE XINYI ENERGY GROUP FOLLOWING THE PROPOSED XYE LISTING**

### **Solar Farm Agreement**

The Solar Farm Agreement has been approved at the Previous Extraordinary General Meeting. Following the Proposed Spin-Off and the Proposed XYE Listing, the Directors confirm that the transactions between the Remaining Group and the Xinyi Energy Group will be conducted on an arm's length basis and upon normal commercial terms and governed by the written terms and conditions of the Solar Farm Agreement and the Solar Farm O&M Agreement as follows:

- (a) disposal of future solar farm projects that have completed construction and are grid-connected to Xinyi Energy pursuant to the Solar Farm Call Option and the Solar Farm ROFR granted under the Solar Farm Agreement; and
- (b) the solar farm operation and management services to be provided by the Xinyi Energy Group to the Remaining Group under the Solar Farm O&M Agreement for the connection ready solar farm projects held for sale pursuant to the Solar Farm Agreement.

The transactions contemplated under the Solar Farm Agreement are expected to constitute connected transactions for the Company.

Pursuant to the Solar Farm Agreement, if the Remaining Group is not able to dispose of the utility-scale ground-mounted solar farm projects owned by it within a four-year period, such solar farm projects would continue to be managed by the Xinyi Energy Group under the Solar Farm O&M Agreement until the disposal of such solar farm projects to the interested buyer. In the event that the Remaining Group is not able to dispose of any of such solar farm projects within the four-year period, the Remaining Group and Xinyi Energy shall appoint an independent advisor for appraisal of the then market value of such solar farm projects and the Remaining Group shall dispose of such solar farm projects through the appropriate methods (including, but without limitation to, public or private tender) to Independent Third Parties or the Xinyi Energy Group (including domestic companies in the PRC and foreign companies) within a period of six months.

### **Solar Farm O&M Agreement**

The Solar Farm O&M Agreement has been approved at the Previous Extraordinary General Meeting. Pursuant to the Solar Farm O&M Agreement, Xinyi Energy will provide solar farm operation and management services to the Remaining Group, including operation and management of solar farm projects, training, technical and expert support services, to the connection-ready solar farm projects developed or constructed by the Company which will be held for sale subject to the terms of the

Solar Farm Agreement. The Solar Farm O&M Agreement, effective from the XYE Listing Date, is valid for a term of three years ending on 31 December 2021 (as compared to the three years ended 31 December 2020 stated in the XYE Prospectus (December 2018)). The Solar Farm O&M Agreement will be entered into in a manner with such terms and conditions which are generally consistent with the industry practice and the established approach of similar contractual terms and conditions.

The services provided by Xinyi Energy to the Remaining Group under the Solar Farm O&M Agreement are on normal commercial terms, as compared with the services provided to Independent Third Parties, taking into consideration the service quality, price, work efficiency, and familiarity with the business needs and operational requirements as well as solar farm technical knowledge. Xinyi Energy Group did not provide such or similar services to Independent Third Parties. The service fees are agreed and based on actual costs that may be incurred in providing the relevant services and have been reached upon negotiations on an arm's length basis between the relevant parties with reference to the fees paid to Independent Third Parties for similar services in the ordinary and usual course of business.

The Directors expect that the amount of annual service fee paid by the Company during the term of the Solar Farm O&M Agreement would be more than 0.1% and not more than 5.0% of all applicable percentage ratios and as such, the transactions would be exempt from the circular and the Shareholders' approval requirements under the Listing Rules and would be subject to the annual reporting and announcement requirements under Chapter 14A of the Listing Rules. The Solar Farm O&M Agreement is proposed to have an initial term of three years ending on 31 December 2021. If the Company ceases to be one of the controlling shareholders of Xinyi Energy during the term of the Solar Farm O&M Agreement, the Solar Farm O&M Agreement may be terminated by either party with six (6) months' prior written notice.

## **DEED OF NON-COMPETITION AND ADOPTION OF THE XYE POST-IPO SHARE OPTION SCHEME**

The Deed of Non-Competition and the adoption of the XYE Post-IPO Share Option Scheme have been adopted at the Previous Extraordinary General Meeting, further information on which is set forth in the Voluntary Document. There has been no change in terms and conditions of the Deed of Non-Competition, and no share option has been granted or is intended to be granted as of the date of this announcement.

## PROPOSED USE OF THE PROCEEDS RECEIVED FROM THE PROPOSED TARGET DISPOSAL AND THE SOLAR FARM AGREEMENT

The expected market capitalisation of Xinyi Energy is an estimation of the Directors only based on the information currently available to them and has yet to be discussed with investors through the book-building process that would be conducted by Xinyi Energy as part of the preparation for the Proposed XYE Global Offering. The expected market capitalisation of Xinyi Energy at the time of the Proposed XYE Listing would be in the range between HK\$12.5 billion and HK\$15.6 billion. This range of valuation is unrelated to the results of the Applicable Percentage Ratios, as members of the Xinyi Energy Group will continue to be non-wholly owned subsidiaries of the Company following completion of the Proposed Spin-Off and the Proposed XYE Listing by way of the Proposed XYE Global Offering.

Assuming that the market capitalisation of the Xinyi Energy Group would be in the range between HK\$12.5 billion and HK\$15.6 billion and based on the financial information of the Target Companies as of 31 December 2018, the Company would receive the Target Selling Price of approximately RMB3.2 billion (equivalent to approximately HK\$3.7 billion at the exchange rate of RMB1.00 to HK\$1.1648, being the exchange rate as of Latest Practicable Date) pursuant to the Target Sale and Purchase Agreement. The Target Selling Price will not be fully received by the Company shortly after completion of the Proposed Spin-Off and the Proposed XYE Listing. Pursuant to the terms of the Target Sale and Purchase Agreement, the Xinyi Energy Group will pay to the Remaining Group out of the net proceeds from the Proposed XYE Global Offering the Target Selling Price by way of (a) an upfront payment of 50% upon completion of the Proposed Target Disposal which is expected to take place within one month from the XYE Listing Date and (b) the outstanding amount will be settled by the Xinyi Energy Group on the earlier of (i) the fourth anniversary of the XYE Listing Date, which is currently expected to be in 2023, and (ii) by instalments following the receipt of the tariff adjustment relating to the electricity generated by the solar farm projects under the Target Portfolio.

The Company plans to use the proceeds from the Proposed Spin-Off as follows:

	<b>Approximate percentage</b>
Providing partial financing for the construction of new production capacity for the Solar Glass Business	45
Providing partial financing for the construction of utility-scale ground-mounted solar farm projects (including the pipeline solar farm projects) under the Solar Farm Development Business	45
General working capital	10
<b>Total</b>	<u>100</u>

The Company will use its internally generated financial resources or external bank financing to support the additional financing required for the above purposes. Currently, the Directors have no intention to dispose of any of its existing business activities of the Group except for the disposal of solar farm projects in accordance with the Solar Farm Agreement.

Pursuant to the Solar Farm Agreement, the Remaining Group will dispose of construction completed and grid-connected utility-scale ground-mounted solar farm projects to the Xinyi Energy Group pursuant to the Solar Farm Call Option or the Solar Farm ROFR. The Company will receive the proceeds pursuant to the Solar Farm Agreement. Subject to the business and financial condition of the Group from time to time, the Company intends to use the proceeds primarily for the construction of utility-scale ground-mounted solar farm projects and solar glass production lines.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **Approved EGM Resolutions**

Based on the Applicable Percentage Ratios, the Proposed Spin-Off, together with the Proposed Target Disposal, will constitute a discloseable transaction (as such term is defined under the Listing Rules) for the Company and is not required to be approved by Shareholders in general meeting.

The Proposed Spin-Off, Proposed Target Disposal, Solar Farm Agreement, Solar Farm O&M Agreement, Deed of Non-Competition, and the adoption of the Post-IPO Share Option have been duly approved by the Independent Shareholders and the Shareholders at the Previous Extraordinary General Meeting. The Directors confirm, with the advice from the Cayman Islands' legal advisers, that the Approved EGM Resolutions are valid. Although certain circumstances and the timetable for the Proposed Spin-Off and the Proposed XYE Listing have changed, the Directors are of the view that such changes are not fundamental and have not changed the material facts that support the Approved EGM Resolutions. Hence, the Directors (including the independent non-executive Directors) confirm that no additional extraordinary general meeting would need to be convened for the purpose of relaunching the Proposed XYE Listing and the Proposed XYE Global Offering.

### **Continuing connected transactions under the Solar Farm O&M Agreement**

The Solar Farm O&M Agreement is proposed to have an initial term of three years. If the Company ceases to be one of the controlling shareholders of Xinyi Energy during the term of the Solar Farm O&M Agreement, the Solar Farm O&M Agreement may be terminated by either party with six (6) months' prior written notice.

In addition, the Directors confirm that the services to be provided by the Xinyi Energy Group to the Remaining Group under the Solar Farm O&M Agreement will be determined with reference to the cost incurred by the Xinyi Energy Group and the then prevailing market rates of similar transactions. These transactions would constitute continuing connected transactions for the Company, and the aggregate amount of which is expected to be more than 0.1% but less than 5% under the Applicable Percentage Ratios to the Company, and would be exempt from the circular and shareholders' approval requirements. These transactions would be subject to the annual reporting and announcement requirements under Chapter 14A of the Listing Rules.

The Directors set forth below the annual caps for the three years ending 31 December 2021 (as compared to the three years ending 31 December 2020 stated in the Major Transaction Circular). The maximum aggregate amount of annual service fee for each of the three years ending 31 December 2021 shall not exceed the annual caps as set forth below:

	<b>Annual caps for the year ending 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total fees under the Solar Firm O&M Agreement	7,200	12,000	15,000

In determining the above annual caps, the Company has considered the following factors:

- (a) the pricing basis set forth in the Solar Farm O&M Agreement, which is in turn determined on an arm's length basis between the Company and Xinyi Energy on normal commercial terms taking into consideration (i) the prevailing market rates for the similar services provided known to the Company and Xinyi Energy (ii) the expected annual utilisation hours of the pipeline of the solar farm projects of the Remaining Group; and (iii) the anticipated increase in O&M services to be provided under the Solar Farm O&M Agreement in view of further expansion of the Solar Farm Development Business of the Remaining Group; and
- (b) the annual caps are based on RMB for the purpose of avoiding any impact that may be arising from exchange rate fluctuations between RMB and Hong Kong dollars.

If there is any significant change in the number of construction completed utility-scale ground-mounted solar farm projects constructed or developed by the Company during the term of the Solar Farm O&M Agreement that affects any of the annual caps set forth above, the Company will take further action to comply with the applicable requirements under the Listing Rules.



In addition, pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors will review the transactions under the Solar Farm O&M Agreement annually and confirm in the annual report of the Company that those transactions:

- (1) are conducted in the ordinary and usual course of business of the Company;
- (2) are conducted on normal commercial terms or better; and
- (3) are conducted according to the terms and conditions of the Solar Farm O&M Agreement that are fair and reasonable and in the interests of the Shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the auditors of the Company will report on the transactions under the Solar Farm O&M Agreement every year. The auditors will provide a letter to the Board confirming that nothing has come to their attention that causes them to believe that the transactions under the Solar Farm O&M Agreement:

- (1) have not been approved by the Board;
- (2) are not entered into, in all material respects, in accordance with the Solar Farm O&M Agreement; and
- (3) have exceeded the annual cap.

## **XYE ASSURED ENTITLEMENT**

### **General information**

In order to allow the Shareholders to participate in the Proposed XYE Global Offering on an preferential basis as to allocation only, subject to the Stock Exchange granting conditional approval for the listing of, and permission to deal in, the XYE Shares on the Stock Exchange and the Proposed Spin-Off, Proposed XYE Global Offering, and the Proposed XYE Listing becoming unconditional, Qualifying Shareholders will be invited to apply for the XYE Reserved Shares which represent 42.75% of the initial number of the XYE Offer Shares. The XYE Reserved Shares will not be subject to reallocation between the different tranches under the Proposed XYE Global Offering.

The Directors consider that the proportion of the XYE Offer Shares which would be made available as XYE Reserved Shares for subscription by the Qualifying Shareholders is a meaningful proportion and is generally more than other spin-off cases. On this basis, the interest of the Shareholders under paragraph 3(f) of Practice Note 15 of the Listing Rules has been considered and the percentage of the XYE Reserved Shares is appropriate.

**XYE Assured Entitlement is not transferable and there will be no trading in nil-paid entitlement on the Stock Exchange.**

An XYE **BLUE** Application Form, together with a printed copy of the XYE Prospectus (May 2019), has been despatched to each Qualifying Shareholder at the address of such Qualifying Shareholder recorded on the register of members of the Company as of 4:30 p.m. on the XYE Assured Entitlement Record Date. The procedures for application under and the terms and conditions of the XYE Preferential Offering will be set forth in the XYE Prospectus (May 2019) and on the XYE **BLUE** Application Forms.

Qualifying Shareholders may also obtain a printed copy of the XYE Prospectus (May 2019) during normal business hours from any of the designated branches of the receiving bank or the designated offices of the joint global coordinators of the Proposed XYE Global Offering as set forth in the XYE Prospectus (May 2019).

**Updated expected timetable for the XYE Assured Entitlement**

The following timetable for the XYE Preferential Offering is based on the timetable for the Proposed XYE Listing provided by Xinyi Energy:

**2019**

First day for lodging application for the XYE Assured Entitlement	Wednesday, 15 May
Last day for lodging application for the XYE Assured Entitlement	Monday, 20 May
Dealings in the XYE Shares on the Stock Exchange expected to commence on	Tuesday, 28 May

*Note:*

(1) All times refer to Hong Kong time.

## **Preliminary basis of allocation for application for XYE Reserved Shares**

Qualifying Shareholders as of the XYE Assured Entitlement Record Date holding every integral multiple of 10 Shares would be entitled to subscribe for one (1) XYE Reserved Share. If there is any change in this entitlement, the Company will issue an announcement in due course.

Qualifying Shareholders holding at least 10 Shares as of the XYE Assured Entitlement Record Date may apply for such number of XYE Reserved Shares which is greater than, less than or equal to their XYE Assured Entitlement. Qualifying Shareholders holding less than 10 Shares as of the XYE Assured Entitlement Record Date would not have any XYE Assured Entitlement, but it may apply for the excess XYE Reserved Shares under the XYE Preferential Offering, subject to the terms and conditions of the XYE BLUE Application Form. A valid application for a number of XYE Reserved Shares which is less than or equal to a Qualifying Shareholder's XYE Assured Entitlement under the XYE Preferential Offering will be accepted in full, subject to the terms and conditions set forth in the XYE **BLUE** Application Form and assuming that the conditions of the XYE Preferential Offering are satisfied.

Qualifying Shareholders should note that the XYE Reserved Shares allocated to them may not represent a number of a full board lot of 2,000 XYE Shares. Further, the XYE Reserved Shares allocated to the Qualifying Shareholders will be rounded down to the closest whole number if required, and dealings in odd lots of the XYE Shares may be at a price below the prevailing market price for full board lots.

Where a Qualifying Shareholder applies for a number of XYE Reserved Shares which is greater than the Qualifying Shareholder's XYE Assured Entitlement under the XYE Preferential Offering, the relevant XYE Assured Entitlement will be satisfied in full, but the excess portion of such application will only be met to the extent that there are sufficient available XYE Reserved Shares resulting from other Qualifying Shareholders declining to take up some or all of their XYE Assured Entitlement by way of allocation by the Joint Global Coordinators on a fair a reasonable basis, subject to the following conditions:

- (a) no preferential allocation of the XYE Reserved Shares will be given to the Directors and/or their close associates and the Controlling Shareholders, who are Qualifying Shareholders;
- (b) the Directors and/or their close associates and the Controlling Shareholders will not apply for such number of XYE Reserved Shares which is more than the total number of the XYE Reserved Shares;

- (c) save as the XYE Preferential Offering, the Directors and/or their close associates and the Controlling Shareholders will not participate or indicate any interest in the Proposed XYE Global Offering;
- (d) the allocation of the XYE Reserved Shares will be on a pro rata basis amongst all Qualifying Shareholders (who have applied for XYE Reserved Shares) and no preferential treatment will be given to the Directors and/or their close associates and the Controlling Shareholders (who have applied for the XYE Reserved Shares and in their capacity as Qualifying Shareholders) as compared to other Qualifying Shareholders; and
- (e) the minimum public float requirement under Rule 8.08(1) of the Listing Rules will be complied with immediately after completion of the Proposed XYE Global Offering subject to any waiver that may be granted to Xinyi Energy by the Stock Exchange.

Beneficial Shareholders (not being Non-Qualifying Shareholders) whose Shares are held by a nominee company should note that Xinyi Energy will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, such Beneficial Shareholders whose Shares are held by a nominee company should note that the arrangement under paragraph (d) above will not apply to them individually.

### **Qualifying Shareholders and Non-Qualifying Shareholders**

Only Shareholders whose names appeared on the register of members of the Company on the XYE Assured Entitlement Record Date, excluding the Non-Qualifying Shareholders, are entitled to subscribe for the XYE Reserved Shares.

Non-Qualifying Shareholders are those Shareholders with registered addresses in, or who are otherwise known by the Company to be residents of, any of the Specified Territories. Accordingly, for the purposes of the XYE Preferential Offering, the Non-Qualifying Shareholders are:

- (a) Shareholders whose names appeared in the register of members of the Company on the XYE Assured Entitlement Record Date and whose addresses as shown in such register are in any of the Specified Territories; and
- (b) Shareholders or Beneficial Shareholders whose names appeared in the register of members of the Company on the XYE Assured Entitlement Record Date who are otherwise known by the Company to be resident in any of the Specified Territories.

As of the Latest Practicable Date, the Company has been advised by the PRC legal advisers that pursuant to Article 23 of the Implementation Rules for Registration, Depository and Clearing Services under the Mainland-Hong Kong Stock Markets Connect Programme (內地與香港股票市場交易互聯互通機制登記、存管、結算業務實施細則), China Securities Depository and Clearing Corporation Limited would not provide services relating to the subscription of newly issued shares. Accordingly, even if the XYE Preferential Offering proceeds, beneficial holders of Shares who hold Shares through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect cannot participate in the XYE Preferential Offering and will not be eligible to take up their respective XYE Assured Entitlement through the mechanism of Shanghai-Hong Kong Connect or Shenzhen-Hong Kong Stock Connect.

**This announcement is not intended to, and does not, constitute an offer to sell or an invitation to or a solicitation of an offer to subscribe or buy any XYE Shares in connection with the Proposed XYE Global Offering or otherwise. Any such offer or solicitation will be made solely through a prospectus or offering circular in compliance with applicable laws and any decision to purchase or subscribe for the XYE Share in connection with the Proposed XYE Global Offering or otherwise should be made solely on the basis of the information contained in the XYE Prospectus (May 2019) or offering circular. Other than in Hong Kong, no action has been or will be taken in any jurisdiction that would permit a public offering of the XYE Offer Shares that may be offered in the Proposed XYE Global Offering in any jurisdiction where action for that purpose is required, including but not limited to the United States.**

#### **DESPATCH OF THE VOLUNTARY DOCUMENT**

The Voluntary Document containing, amongst other things, (i) updated information on matters on the Proposed Spin-Off; (ii) the letter of advice from the Independent Board Committee to the Shareholders; and (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee has been despatched by the Company to the Shareholders on a voluntary basis on 15 May 2019.

**The Directors would like to emphasise that there is no assurance that the Proposed Spin-Off, Proposed XYE Global Offering, and the Proposed XYE Listing will take place or the relevant approval will be granted, or as to when it may take place or be granted. The implementation of the Proposed Spin-Off, Proposed XYE Global Offering, and the Proposed Listing is dependent on a number of factors and subject to a number of conditions, which may or may not be satisfied, including the approval of the Stock Exchange and the final decision of the Board and the XYE Board. There is no certainty as to whether, and if so when, the Proposed Spin-Off, Proposed XYE Global Offering, and the Proposed XYE Listing will take place. The expected market capitalisation of Xinyi Energy**

stated in this announcement is an estimation of the Directors only based on the information currently available to them and has yet to be discussed with investors through the book-building process that would be conducted by Xinyi Energy as part of the preparation for the Proposed XYE Global Offering.

In any event, the decision on whether to proceed with the Proposed Spin-Off, Proposed XYE Global Offering, and the Proposed XYE Listing will be at the discretion of the Directors and the XYE Directors. In making the decision, the Directors will take into consideration all factors and other considerations they consider relevant, including the prevailing capital market conditions, the likely valuation of Xinyi Energy that can be achieved and whether the Proposed XYE Global Offering will, in their view, maximise the benefits to the Company and the Shareholders as a whole. Accordingly, Shareholders and potential investors in the Shares and other securities of the Company should exercise caution when dealing in or investing in the Shares and are recommended to consult their professional advisers if they are in any doubt about their positions.

## DEFINITIONS USED IN THIS ANNOUNCEMENT

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

- |                                |  |
|--------------------------------|--|
| “2019 Grid Parity Notice”      | refers to 《國家發展改革委，國家能源局關於積極推進風電、光伏發電無補貼平價上網有關工作通知》 (Notice on actively promoting the work on subsidy-free grid-price parity for wind power and the solar power (2019)) jointly issued by the National Development and Reform Commission of the PRC and the National Energy Administration of the PRC on 7 January 2019;   |
| “Applicable Percentage Ratios” | means the percentage ratios stipulated in Rule 14.07 of the Listing Rules as applicable to the Proposed Spin-Off and the Proposed Target Disposal, on an aggregate basis, as described in this announcement;   |
| “Approved EGM Resolutions”     | refers to the resolutions on the Proposed Spin-Off, Proposed Target Disposal, Solar Farm Agreement, Solar Farm O&M Agreement, Deed of Non-Competition, and the adoption of the XYE post-IPO Share Option Scheme by Xinyi Energy, which have been duly approved by the Independent Shareholders and the Shareholders by poll at the Previous Extraordinary General Meeting; |

“associate(s)”	has the meaning ascribed thereto in the Listing Rules;
“Beneficial Shareholder(s)”	means any beneficial owner(s) of Share(s) whose Share(s) is/are registered, as shown in the register of members of the Company, in the name of a registered Shareholder on the XYE Assured Entitlement Record Date;
“Binhai Solar Farm”	means Binhai Solar Farm (濱海光伏電站), the utility-scale ground-mounted solar farm project operated by Xinyi Solar (Tianjin) and located in Tianjin, the PRC, with an approved capacity of 174 MW, which is one of the solar farm projects under the Initial Portfolio;
“Board”	means the board of directors of the Company;
“Business Day”	refer to a day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business;
“BVI”	means British Virgin Islands;
“Charm Dazzle”	means Charm Dazzle Limited (湛耀有限公司), a company incorporated in the BVI on 1 June 2015 and wholly-owned by Dr. LEE Yin Yee, B.B.S., one of the Controlling Shareholders;
“close associates”	has the meaning ascribed to it under the Listing Rules;
“Company”	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 with all its issued shares listed on the Stock Exchange (stock code: 00968)
“connection-ready”	means solar farm projects that have substantially completed construction and are ready for connection with the electricity grid;
“controlled corporation(s)”	has the meaning ascribed to it under the SFO;
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and in the case of the Company, refers to Xinyi Glass and its subsidiaries, Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Sai, Mr. TUNG Ching Bor, 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;

“Day Dimension”	means Day Dimension Investments Limited (日維投資有限公司), a company incorporated in the BVI on 2 June 2015 and wholly-owned by Mr. SZE Nang Sze, one of the Controlling Shareholders;
“Deed of Non-Competition”	means the deed of non-competition dated 5 December 2018 entered into between the Company, the XYE Executive Directors, and Xinyi Energy;
“Director(s)”	means the director(s) of the Company;
“Fanchang Solar Farm”	means Fanchang Solar Farm (繁昌光伏電站), the utility-scale ground-mounted solar farm project operated by Xinyi Solar (Fanchang) and located in Wuhu City, Anhui Province, the PRC with an approved capacity of 60 MW, which is one of the solar farm projects under the Initial Portfolio;
“Far High”	means Far High Investments Limited (遠高投資有限公司), a company incorporated in the BVI on 28 May 2015 and wholly-owned by Mr. NG Ngan Ho, one of the Controlling Shareholders;
“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;
“Group”	means the Company and its subsidiaries (which include the Xinyi Energy Group) prior to completion of the Proposed Spin-Off;
“Heng Zhou”	means Heng Zhuo Limited (恒灼有限公司), a company incorporated in the BVI on 12 January 2015 and wholly-owned by Mr. LI Ching Leung, one of the Controlling Shareholders;
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong;
“HKSCC”	means Hong Kong Securities Clearing Company Limited;
“Hong Kong”	means The Hong Kong Special Administrative Region of the PRC;



“Hong’an Solar Farm”	means Hong’an Solar Farm (紅安光伏電站), the utility-scale ground-mounted solar farm project operated by Xinyi Hong’an and located in Hong’an County, Hubei Province, the PRC with an approved capacity of 100 MW, which is one of the solar farm projects under the Initial Portfolio
“Huainan Solar Farm”	means Huainan Solar Farm (淮南光伏電站), the utility-scale ground-mounted solar farm project operated by Xinyi Solar (Huainan) and located in Huainan City, Anhui Province, the PRC with an approved capacity of 20 MW, which is one of the solar farm projects under the Target Portfolio;
“Independent Board Committee”	means the independent board committee of the Company comprising three independent non-executive Directors, namely Mr. CHENG Kwok Kin, Paul, Mr. LO Wan Sing, Vincent, and Mr. KAN E-ting, Martin, established for the sole purpose of advising the Shareholders on Approved EGM Resolutions;
“Independent Shareholders”	means Shareholders other than the Controlling Shareholders;
“Initial Portfolio”	means the business operations of the Xinyi Energy Group comprising nine utility-scale ground-mounted solar farm projects, namely Jinzhai Solar Farm, Sanshan Solar Farm, Nanping Solar Farm, Lixin Solar Farm, Binhai Solar Farm, Hong’an Solar Farm, Wuwei Solar Farm, Fanchang Solar Farm, and Shouxian Solar Farm, with an aggregate approved capacity of 954MW;
“Jinzhai Solar Farm”	means Jinzhai Solar Farm (金寨光伏電站), the utility-scale ground-mounted solar farm project operated by Xinyi Lu’an and located in Lu’an City, Anhui Province, the PRC with an approved capacity of 150 MW, which is one of the solar farm projects under the Initial Portfolio;
“Latest Practicable Date”	means 6 May 2019, being the latest practicable date prior to the date of this announcement for ascertaining certain information for inclusion in this announcement;
“Listing Committee”	means the Listing Committee of the Stock Exchange;

“Listing Rules”	means The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Lixin Solar Farm”	means Lixin Solar Farm (利辛光伏電站), the utility-scale ground-mounted solar farm project operated by Xinyi Bozhou and located in Bozhou City, Anhui Province, the PRC, with an approved capacity of 140 MW, which is one of the solar farm projects under the Initial Portfolio;
“Major Transaction Circular”	means the circular issued and despatched by the Company on 2 November 2018, which was attached with the notice convening the Previous Extraordinary General Meeting;
“Nanping Solar Farm”	means Nanping Solar Farm (南平光伏電站), the utility-scale ground-mounted solar farm project operated by Xinyi Nanping and located in Nanping City, Fujian Province, the PRC with an approved capacity of 30 MW, which is one of the solar farm projects under the Initial Portfolio;
“New Wisdom”	means New Wisdom International Limited (新智國際有限公司), a company incorporated in Hong Kong with limited liability on 6 February 2015 and a Target Company;
“Non-Qualifying Shareholder(s)”	means Shareholder(s) whose name(s) appeared in the register of members of the Company on the XYE Assured Entitlement Record Date and whose address(es) as shown in such register is/are in any of the Specified Territories and any Shareholder(s) at that time who is/are otherwise known by the Company to be resident in any of the Specified Territories;
“Octal Capital” or “Independent Financial Adviser”	means Octal Capital Limited (八方金融有限公司), a licensed corporation to carry out Type 1 (dealing in securities) regulated activities and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed to advise the Independent Board Committee on (a) the Proposed Spin-Off and the Proposed Target Disposal; (b) the Solar Farm Agreement; (c) the Solar Farm O&M Agreement; and (d) the Deed of Non-Competition;

“Perfect Alliance”	means Perfect Alliance Development Limited (滙卓發展有限公司), a company incorporated in Hong Kong with limited liability on 13 March 2015 and a Target Company;
“PRC”	means The People’s Republic of China which does not include, for the purpose of this announcement, Hong Kong, The Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“PRC Government”	means the government of PRC, including all governmental subdivisions (including provincial municipal and other regional or local government entities) and instrumentalist thereof any of them;
“Precious Smart”	means Precious Smart Limited (睿寶有限公司), a company incorporated in the BVI on 28 May 2015 and wholly-owned by Mr. LEE Sing Din, one of the Controlling Shareholders;
“Previous Extraordinary General Meeting”	means the extraordinary general meeting of the Company held at 4:30 p.m. on 21 November 2018 for the purpose of approving the Approved EGM Resolutions;
“Profit Noble”	means Profit Noble Development Limited (寶溢發展有限公司), a company incorporated in Hong Kong with limited liability on 6 February 2015 and a Target Company;
“Proposed Spin-Off”	means the proposed spin-off of Xinyi Energy by way of the Proposed XYE Global Offering;
“Proposed Target Disposal”	means the proposed disposal of the Target Companies to Xinyi Energy following the Proposed Spin-Off and the Proposed XYE Listing, pursuant to the Target Sale and Purchase Agreement;
“Proposed XYE Global Offering”	means the proposed offering of the XYE Offer Shares by Xinyi Energy to members of the public in Hong Kong for subscription and the proposed international offering to selected professional and institution investors and other investors (including the Qualifying Shareholder(s)) of the XYE Offer Shares;
“Proposed XYE Listing”	means the proposed listing of the XYE Shares on the Stock Exchange;

“Qualifying Shareholders”	means the Shareholders whose names appeared on the register of members of the Company on the XYE Assured Entitlement Record Date and would be entitled to the XYE Assured Entitlement (other than the Non-Qualifying Shareholders);
“Remaining Group”	means the Company and its subsidiaries following completion of the Proposed Spin-Off and the Proposed XYE Listing, which will not include members of the Xinyi Energy Group;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Sanshan Solar Farm”	means Sanshan Solar Farm (三山光伏電站), the utility-scale ground-mounted solar farm project operated by Xinyi Wuhu and located in Wuhu City, Anhui Province, the PRC with an approved capacity of 100 MW, which is one of the solar farm projects under the Initial Portfolio;
“Shareholder(s)”	means the holder(s) of the Share(s);
“Share(s)”	means share(s) of HK\$0.10 each in the share capital of the Company;
“Sharp Elite”	means Sharp Elite Holdings Limited (銳傑控股有限公司), a company incorporated in the BVI on 29 May 2015 and wholly-owned by Mr. TUNG Ching Sai, one of the Controlling Shareholders;
“Shouxian Solar Farm”	means Shouxian Solar Farm (壽縣光伏電站), the utility-scale ground-mounted solar farm project operated by Xinyi Solar (Shouxian) and located in Shouxian County, Anhui Province, the PRC with an approved capacity of 100 MW, which is one of the solar farm projects under the Initial Portfolio;
“Shouxian Solar Farm Two”	means Shouxian Solar Farm Two (壽縣二期光伏電站), the utility-scale ground-mounted solar farm project operated by Xinyi Energy (Shouxian) and located in Shouxian County, Anhui Province, the PRC with an approved capacity of 200 MW, which is one of the solar farm projects under the Target Portfolio;
“Sky Cheer”	means Sky Cheer Investments Limited (悅天投資有限公司), a company incorporated in Hong Kong with limited liability on 8 January 2016 and a Target Company;

“Sky Falcon”	means Sky Falcon Development Limited (天騰發展有限公司), a company incorporated in Hong Kong with limited liability on 20 March 2015 and a Target Company;
“Solar Farm Agreement”	means the solar farm agreement dated 5 December 2018 entered into between the Company and Xinyi Energy on the Solar Farm Call Option and the Solar Farm ROF;
“Solar Farm Call Option”	means the call option granted by the Company to Xinyi Energy under the Solar Farm Agreement requiring the Remaining Group to sell to Xinyi Energy utility-scale ground-mounted solar farm projects developed or constructed by the Remaining Group upon grid connection and completion of construction;
“Solar Farm Development Business”	means the business of development or construction of utility-scale ground-mounted solar farm projects for sale by the Group and the Remaining Group following completion of the Proposed Spin-Off;
“Solar Farm Operation Business”	means the business of operating and managing solar farm projects currently conducted by the Xinyi Energy Group;
“Solar Farm O&M Agreement”	means the solar farm operation and management agreement dated 5 December 2018 entered into between the Company and Xinyi Technology (Wuhu) Limited on, inter alia, the provision of operation and management services by the Xinyi Energy Group to the Remaining Group for the connection-ready solar farm projects developed or constructed by the Remaining Group under the Solar Farm Development Business;
“Solar Farm ROFR”	means the right of first refusal granted by the Company to Xinyi Energy under the Solar Farm Agreement in respect of the acquisition of the solar farm projects that would otherwise be sold by the Remaining Group to Independent Third Parties upon the same terms and conditions;
“Solar Glass Business”	means the production and sales of solar glass products by the Group and the Remaining Group following completion of the Proposed Spin-Off;

“Specified Territories”	means in respect of the XYE Preferential Offering, such territory or territories which Xinyi Energy and its directors consider necessary or expedient to exclude from the XYE Preferential Offering on account of the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Subsidy Catalogue”	means 可再生能源電價附加資金補助目錄 (Renewable Energy Tariff Subsidy Catalogue);
“Suiping Solar Farm”	means Suiping Solar Farm (遂平光伏電站), the utility-scale ground-mounted solar farm operated by Xinyi Solar (Suiping) located in Suiping County, Henan Province, the PRC with an approved capacity of 110 MW, which is one of the solar farm projects under the Target Portfolio;
“Target Companies”	means the companies being the owners of the solar farm projects under the Target Portfolio;
“Target Portfolio”	means the business operations of the Target Companies comprising six utility-scale ground-mounted solar farm projects, namely Xiaochang Solar Farm One, Xiaochang Solar Farm Two, Suiping Solar Farm, Shouxian Solar Farm Two, Huainan Solar Farm, and Wuwei Solar Farm Two, with an aggregate approved capacity of 540 MW;
“Target Sale and Purchase Agreement”	means the sale and purchase agreement dated 5 December 2018 entered into between Xinyi Solar Farm (1) (as vendor) and Xinyi Energy (as purchaser) for the acquisition of all issued shares of the Hong Kong companies comprising the Target Companies (or their holding company for tax efficiency purpose) which hold the operating companies in the PRC and the solar farm projects under the Target Portfolio;
“Target Selling Price”	means the selling price for the Proposed Target Disposal in this announcement;

“Voluntary Document”	refers to the document that has been despatched by the Company on a voluntary basis, containing, amongst other things, (i) updated information on matters on the Proposed Spin-Off; (ii) the letter of advice from the Independent Board Committee to the Shareholders; and (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee on the Proposed Spin-Off, Proposed Target Disposal, Solar Farm Agreement, Solar Farm O&M Agreement, and the Deed of Non-Competition;
“Will Sail”	means Will Sail Limited (毅航有限公司), a company incorporated in the BVI on 21 May 2015 and wholly-owned by Mr. LI Man Yin, one of the Controlling Shareholders;
“Wuwei Solar Farm”	means Wuwei Solar Farm (無為光伏電站), the utility-scale ground-mounted solar farm project operated by Xinyi Solar (Wuhu) and located in Wuhu City, Anhui Province, the PRC with an approved capacity of 100 MW, which is one of the solar farm projects under the Initial Portfolio;
“Wuwei Solar Farm Two”	means Wuwei Solar Farm Two (無為二期光伏電站), the utility-scale ground-mounted solar farm project operated by Xinyi Solar (Wuwei) and located in Wuwei County, Anhui Province, the PRC with an approved capacity of 50 MW, which is one of the solar farm projects under the Target Portfolio;
“Xiaochang Solar Farm One”	means Xiaochang Solar Farm One (孝昌一期光伏電站), the utility-scale ground-mounted solar farm project operated by Xinyi Solar (Xiaochang) and located in Xiaochang County, Hubei Province, the PRC with an approved capacity of 130 MW, which is one of the solar farm projects under the Target Portfolio;
“Xiaochang Solar Farm Two”	means Xiaochang Solar Farm Two (孝昌二期光伏電站), the utility-scale ground-mounted solar farm project operated by Xinyi Solar (Xiaochang) and located in Xiaochang County, Hubei Province, the PRC with an approved capacity of 30 MW, which is one of the solar farm projects under the Target Portfolio;

“Xinyi Bozhou”	Means 信義新能源(亳州)有限公司(transliterated as Xinyi Renewable Energy (Bozhou) Limited), a company established in the PRC on 29 December 2014 and a wholly-owned subsidiary of Xinyi Energy;
“Xinyi Energy”	means Xinyi Energy Holdings Limited 信義能源控股有限公司, a company incorporated in the British Virgin Islands as an exempted company with limited liability and is currently owned by the Company as to 75.0%;
“Xinyi Energy Group”	means Xinyi Energy and its subsidiaries;
“Xinyi Energy (Shouxian)”	means 信義新能源(壽縣)有限公司 (transliterated as Xinyi Renewable Energy (Shouxian) Limited), a company established in the PRC on 23 July 2015 and a wholly-owned subsidiary of the Company;
“Xinyi Glass”	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);
“Xinyi Hong’an”	means 紅安信義新能源有限公司 (transliterated as Hong’an Xinyi Renewable Energy Limited), a company established in the PRC on 12 August 2014 and a wholly-owned subsidiary of Xinyi Energy;
“Xinyi Lu’an”	means 六安信義新能源管理有限公司 (transliterated as Lu’an Xinyi Renewable Energy Limited), a company established in the PRC on 24 March 2014 and a wholly-owned subsidiary of Xinyi Energy;
“Xinyi Nanping”	means 南平信義新能源管理有限公司 (transliterated as Nanping Xinyi Renewable Energy Limited), a company established in the PRC on 17 June 2014 and a wholly-owned subsidiary of Xinyi Energy;
“Xinyi Power”	means Xinyi Power (BVI) Limited (信義能量(BVI)有限公司), a company incorporated in the BVI with limited liability on 26 June 2015 and a wholly-owned subsidiary of the Company;



“Xinyi Solar (Fanchang)”	means 信義光能(繁昌)有限公司 (transliterated as Xinyi Solar (Fanchang) Limited), a company established in the PRC on 12 May 2015 and a wholly-owned subsidiary of Xinyi Energy;
“Xinyi Solar Farm (1)”	means Xinyi Solar Farm (Group 1) Limited (信義太陽能電站(一)有限公司), a company incorporated in the BVI with limited liability on 6 January 2017 and the vendor under the Target Sale and Purchase Agreement;
“Xinyi Solar (Huainan)”	means 信義光能(淮南)有限公司 (transliterated as Xinyi Solar (Huainan) Limited), a company established in the PRC on 2 September 2015 and a wholly-owned subsidiary of the Company;
“Xinyi Solar (Shouxian)”	means 信義光能(壽縣)有限公司 (transliterated as Xinyi Solar (Shouxian) Limited), a company established in the PRC on 21 April 2015 and a wholly-owned subsidiary of Xinyi Energy;
“Xinyi Solar (Suiping)”	means 信義光能(遂平)有限公司 (transliterated as Xinyi Solar (Suiping) Limited), a company established in the PRC on 11 June 2015 and a wholly-owned subsidiary of Sky Falcon;
“Xinyi Solar (Tianjin)”	means 信義光能(天津)有限公司 (transliterated as Xinyi Solar (Tianjin) Limited), a company established in the PRC on 24 November 2014 and a wholly-owned subsidiary of Xinyi Energy;
“Xinyi Technology (Wuhu)”	means 信義能源技術(蕪湖)有限公司 (transliterated as Xinyi Energy Technology (Wuhu) Limited), a company established in the PRC on 25 April 2017 and a wholly-owned subsidiary of Xinyi Energy;
“Xinyi Solar (Wuwei)”	means 信義光能(無為)有限公司 (transliterated as Xinyi Solar (Wuwei) Limited), a company established in the PRC on 13 May 2016 and a wholly-owned subsidiary of Sky Cheer;
“Xinyi Solar (Xiaochang)”	means 信義光能(孝昌)有限公司 (transliterated as Xinyi Solar (Xiaochang) Limited), a company established in the PRC on 16 November 2015 and a wholly-owned subsidiary of New Wisdom;

“Xinyi Wuhu”	means 蕪湖信義新能源管理有限公司 (transliterated as Wuhu Xinyi Renewable Energy Limited), a company established in the PRC on 30 December 2013 and a wholly-owned subsidiary of Xinyi Energy;
“Xu Feng”	means Xu Feng Limited (旭風有限公司), a company incorporated in the BVI on 16 February 2015 and wholly-owned by Mr. TUNG Ching Bor, one of the Controlling Shareholders;
“XYE Assured Entitlement”	means the assured entitlement of the Qualifying Shareholder(s) that they may apply for the XYE Reserved Shares under the XYE Preferential Offering based on their respective shareholdings on the XYE Assured Entitlement Record Date in accordance with paragraph 3(f) of the Practice Note 15 of the Listing Rules;
“XYE Assured Entitlement Record Date”	means Thursday, 9 May 2019, being the record date for ascertaining XYE Assured Entitlement;
“XYE BLUE Application Form(s)”	means the application form(s) that have been sent to the Qualifying Shareholders to invite them to subscribe for the XYE Reserved Shares;
“XYE Board”	means the board of directors of Xinyi Energy;
“XYE Controlling Shareholders”	means has the meaning ascribed to it under the Listing Rules and, in the case of Xinyi Energy following the Proposed Spin-Off and the Proposed XYE Listing, refers to the Company, Xinyi Power, Charm Dazzle and Dr. LEE Yin Yee, B.B.S., Sharp Elite and Mr. TUNG Ching Sai, Xu Feng and Mr. TUNG Ching Bor, Precious Smart and Mr. LEE Sing Din, Will Sail and Mr. LI Man Yin, Yuanyi and Mr. LI Ching Wai, Heng Zhuo and Mr. LI Ching Leung, Far High and Mr. NG Ngan Ho, and Day Dimension and Mr. SZE Nang Sze;
“XYE Directors”	means the directors of Xinyi Energy;
“XYE Executive Directors”	means Mr. TUNG Ching Sai, Mr. TUNG Fong Ngai, Mr. LEE Yau Ching, and Ms. CHENG Shu E;
“XYE Listing Date”	means the date on which dealings in the XYE Shares first commence on the Stock Exchange, which is tentatively fixed on Tuesday, 28 May 2019;

“XYE Offer Shares”	means the 1,882,609,471 XYE Shares to be offered for subscription under the Proposed XYE Global Offering (including the XYE Over-allotment Option) as set forth in the XYE Prospectus (May 2019);
“XYE Over-allotment Option”	means the over-allotment option that may be granted by Xinyi Energy to the underwriters of the Proposed XYE Global Offering for sale of such number of additional XYE Offer Shares expected to be not more than 15% of the initial number of the XYE Offer Shares;
“XYE Post-IPO Share Option Scheme”	means the post-IPO share option scheme of Xinyi Energy conditionally adopted by Xinyi Energy on 22 November 2018;
“XYE Preferential Offering”	means the preferential offering to the Qualifying Shareholder(s) of the XYE Reserved Shares as the XYE Assured Entitlement on and subject to the terms and conditions to be included in the XYE Prospectus (May 2019) and in the XYE BLUE Application Form;
“XYE Prospectus (May 2019)”	means the prospectus issued by Xinyi Energy for the Proposed XYE Global Offering on 15 May 2019;
“XYE Prospectus (December 2018)”	means the prospectus issued by Xinyi Energy on 10 December 2018 for the purpose of the Proposed XYE Global Offering;
“XYE Reserved Shares”	means 804,736,584 XYE Offer Shares to be offered for subscription by the Qualifying Shareholders under the XYE Preferential Offering, representing approximately 42.75% of the total number of the XYE Offer Shares, following completion of the Proposed XYE Global Offering and the Proposed XYE Listing;
“XYE Shares”	means the shares in issue or to be issued by Xinyi Energy with a nominal value of HK\$0.01 for each Xinyi Energy Share;
“Yuanyi”	means Yuanyi Limited (源溢有限公司), a company incorporated in the BVI on 22 May 2015 and wholly-owned by Mr. LI Ching Wai, one of the Controlling Shareholders;

“MW” means unit of energy (power), megawatt; and

“%” means percentage.

By order of the Board  
**Xinyi Solar Holdings Limited**  
**LEE Yau Ching**

*Executive Director and Chief Executive Officer*

Hong Kong, 15 May 2019

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

*This announcement will be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.xinyisolar.com](http://www.xinyisolar.com).*