XINYI SOLAR HOLDINGS LIMITED
信義光能控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 00968)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

FINANCIAL HIGHLIGHTS

	Six Months Ended 30 June		
	2020	2019	Change
	HK$ million	*HK$ million*	
Revenue	**4,622.9**	3,997.0	+15.7%
Profit attributable to equity holders of the Company	**1,406.5**	952.7	+47.6%
Earnings per share - Basic	**17.39 HK cents**	12.07 HK cents	+44.1%
Interim dividend per share	**8.5 HK cents**	5.5 HK cents	

The board (the "**Board**") of directors (the "**Directors**") of Xinyi Solar Holdings Limited (the "**Company**" together with its subsidiaries, the "**Group**" or "**Xinyi Solar**") announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2020 ("**1H2020**" or the "**Period**"), together with the comparative figures for the six months ended 30 June 2019 ("**1H2019**"), as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June **2020** *HK$'000* *(Unaudited)*	2019 *HK$'000* *(Unaudited)*
Revenue	3	**4,622,918**	3,997,036
Cost of sales	7	**(2,434,228)**	(2,425,052)
Gross profit		**2,188,690**	1,571,984
Other income	4	**70,742**	63,691
Other (losses)/gains, net	5	**(1,392)**	1,407
Selling and marketing expenses	7	**(136,157)**	(125,777)
Administrative and other operating expenses	7	**(208,194)**	(219,921)
Operating profit		**1,913,689**	1,291,384
Finance income	6	**21,948**	10,257
Finance costs	6	**(116,479)**	(156,025)
Share of profits of a joint venture	13	**18,632**	14,594
Share of profits/(losses) of associates		**83**	(94)
Profit before income tax		**1,837,873**	1,160,116
Income tax expense	8	**(225,258)**	(91,539)
Profit for the period		**1,612,615**	1,068,577
Profit for the period attributable to:			
– the equity holders of the Company		**1,406,467**	952,716
– non-controlling interests		**206,148**	115,861
		1,612,615	1,068,577
Earnings per share attributable to the equity holders of the Company (Expressed in HK cents per share)			
– Basic	9	**17.39**	12.07
– Diluted	9	**17.38**	12.07

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Profit for the period	**1,612,615**	1,068,577
Other comprehensive loss, net of tax:		
Items that may be reclassified to profit or loss		
Currency translation differences	**(492,273)**	(58,981)
Share of other comprehensive loss of a joint venture accounted for under equity method		
– Share of currency translation differences	**(6,333)**	(2,397)
Total comprehensive income for the period	**1,114,009**	1,007,199
Total comprehensive income for the period attributable to:		
– the equity holders of the Company	**1,013,503**	851,998
– non-controlling interests	**100,506**	155,201
	1,114,009	1,007,199

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	**16,977,812**	16,710,968
Right-of-use assets	12	**1,309,494**	1,249,116
Prepayments for property, plant and equipment and land use rights	15	**404,638**	319,143
Interests in a joint venture	13	**337,698**	334,860
Investments in associates		**69,319**	69,237
Finance lease receivables		**180,888**	189,944
Deferred income tax assets		**35,278**	46,091
Goodwill		**12,218**	10,471
Total non-current assets		**19,327,345**	18,929,830
Current assets			
Inventories		**607,881**	410,480
Contract assets		**33,354**	39,620
Trade receivables	14	**5,060,291**	4,242,392
Bills receivables	14	**1,225,490**	1,194,111
Prepayments, deposits and other receivables	15	**1,261,246**	1,347,567
Finance lease receivables		**6,026**	6,335
Amount due from a joint venture	20(b)	**—**	5,630
Cash and cash equivalents		**2,790,841**	2,221,055
Total current assets		**10,985,129**	9,467,190
Total assets		**30,312,474**	28,397,020
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	17	**816,514**	808,186
Reserves		**3,564,035**	4,217,941
Retained earnings		**10,557,186**	9,150,719
		14,937,735	14,176,846
Non-controlling interests		**4,225,308**	4,396,283
Total equity		**19,163,043**	18,573,129

	Note	As at 30 June 2020 HK$'000 (Unaudited)	As at 31 December 2019 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Bank borrowings	18	**4,260,059**	3,879,527
Lease liabilities		**605,872**	585,442
Other payables	16	**63,853**	57,337
Deferred income tax liabilities		**10,969**	11,533
Total non-current liabilities		**4,940,753**	4,533,839
Current liabilities			
Bank borrowings	18	**3,417,163**	2,803,618
Trade and other payables	16	**2,444,257**	2,220,441
Contract liabilities		**81,997**	31,889
Lease liabilities		**54,324**	41,053
Amounts due to related companies	20(b)	**76,017**	90,732
Current income tax liabilities		**134,920**	102,319
Total current liabilities		**6,208,678**	5,290,052
Total liabilities		**11,149,431**	9,823,891
Total equity and liabilities		**30,312,474**	28,397,020

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company (Unaudited)						
	Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2020	808,186	2,956,278	1,261,663	9,150,719	14,176,846	4,396,283	18,573,129
Comprehensive income							
Profit for the period	—	—	—	1,406,467	1,406,467	206,148	1,612,615
Other comprehensive income							
Currency translation differences	—	—	(386,631)	—	(386,631)	(105,642)	(492,273)
Share of other comprehensive loss of a joint venture accounted for under the equity method	—	—	(6,333)	—	(6,333)	—	(6,333)
Total comprehensive income for the period	—	—	(392,964)	1,406,467	1,013,503	100,506	1,114,009
Transactions with owners							
Issuance of shares in respect of scrip dividend of 2019 final dividend	7,841	410,856	—	—	418,697	—	418,697
Employee's share option scheme							
– exercise of employees' share options	487	15,112	(3,477)	—	12,122	—	12,122
– value of employee services	—	—	3,596	—	3,596	—	3,596
Dividend relating to 2019	—	(687,029)	—	—	(687,029)	—	(687,029)
Dividend paid to non-controlling interests	—	—	—	—	—	(271,481)	(271,481)
Balance at 30 June 2020	816,514	2,695,217	868,818	10,557,186	14,937,735	4,225,308	19,163,043

	Attributable to equity holders of the Company (Unaudited)						
	Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2019	765,969	1,856,628	376,098	7,435,114	10,433,809	1,625,109	12,058,918
Comprehensive income							
Profit for the period	—	—	—	952,716	952,716	115,861	1,068,577
Other comprehensive income							
Currency translation differences	—	—	(98,321)	—	(98,321)	39,340	(58,981)
Share of other comprehensive loss of a joint venture accounted for under the equity method	—	—	(2,397)	—	(2,397)	—	(2,397)
Total comprehensive income for the period	—	—	(100,718)	952,716	851,998	155,201	1,007,199
Transactions with owners							
Acquisitions of subsidiaries	—	—	—	—	—	1,439	1,439
Issurance of shares in respect of placing, net of transaction costs	38,000	1,267,542	—	—	1,305,542	—	1,305,542
Employee's share option scheme							
– exercise of employees' share options	799	27,718	(6,057)	—	22,460	—	22,460
– value of employee services	—	—	2,637	—	2,637	—	2,637
Dividend relating to 2018	—	(337,989)	—	—	(337,989)	—	(337,989)
Dividend paid to non-controlling interests	—	—	—	—	—	(78,987)	(78,987)
Changes in ownership interests in subsidiaries without loss of control	—	—	1,117,955	—	1,117,955	2,690,191	3,808,146
Balance at 30 June 2019	804,768	2,813,899	1,389,915	8,387,830	13,396,412	4,392,953	17,789,365

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Six months ended 30 June 2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)
Cash flows from operating activities			
Operating cash flow before working capital changes		**2,346,699**	1,721,421
Changes in working capital:			
Inventories		**(209,171)**	(16,255)
Trade, bills and other receivables		**(817,940)**	(861,225)
Trade payables, accruals and other payables		**184,707**	(202,032)
Others		**(244,419)**	(153,471)
Net cash generated from operating activities		**1,259,876**	488,438
Cash flows from investing activities			
Payment for acquisition of right-of-use assets		**(56,337)**	(62,470)
Purchases of and prepayments for purchase of property, plant and equipment		**(1,084,616)**	(1,089,409)
Acquisition of subsidiaries, net of cash acquired	19	**809**	(17,542)
Proceeds from disposal of property, plant and equipment		**32**	2,393
Repayment from a joint venture		**9,461**	19,478
Interest received		**21,947**	10,257
Net cash used in investing activities		**(1,108,704)**	(1,137,293)
Cash flows from financing activities			
Proceeds from changes in ownership interest in subsidiaries without loss of control		**—**	3,808,146
Proceeds from issuance of shares in respect of placing		**—**	1,305,542
Proceeds from issuance of shares under employee's share option scheme		**12,122**	22,460
Proceeds from bank borrowings		**2,208,442**	1,141,149
Repayment of bank borrowings		**(1,223,671)**	(1,969,575)
Dividend paid to Company's shareholders		**(268,225)**	—
Dividend paid to non-controlling interests		**(271,471)**	(78,987)
Principal element of lease payments		**(8,671)**	(12,703)
Net cash generated from financing activities		**448,526**	4,216,032
Net increase in cash and cash equivalents		**599,698**	3,567,177
Cash and cash equivalents at beginning of the period		**2,221,055**	783,873
Effect of foreign exchange rate changes		**(29,912)**	475
Cash and cash equivalents at end of the period		**2,790,841**	4,351,525

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Xinyi Solar Holdings Limited and its subsidiaries are principally engaged in the production and sale of solar glass products, which are carried out internationally, through the production complexes located in the People's Republic of China (the "**PRC**") and Malaysia. In addition, the Group is also engaged in the development and operation of solar farms as well as the engineering, procurement and construction ("**EPC**") services.

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

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

3 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the period is as follows:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Sales of solar glass	**3,487,873**	2,924,555
Solar farm business		
– Sales of electricity	**468,305**	405,833
– Tariff adjustment	**632,972**	619,060
	1,101,277	1,024,893
Construction contracts revenue - EPC services	**33,768**	47,588
Total revenue	**4,622,918**	3,997,036

Management has determined the operating segments based on the reports reviewed by the Executive Directors that are used to make strategic decisions.

The Executive Directors consider the business from product type perspective. Generally, the Executive Directors consider the performance of business of each product type within the Group separately. Thus, the performance of each product type within the Group is an individual operating segment.

For the six months ended 30 June 2020, there are three operating segments based on business type: (1) sales of solar glass; (2) solar farm business, which includes solar farm development and solar power generation; and (3) EPC services.

The Executive Directors assess the performance of the operating segments based on a measure of gross profit. The Group does not allocate operating costs to its segments as this information is not reviewed by the Executive Directors.

Sales between segments are carried out at terms mutually agreed by both parties. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the interim condensed consolidated income statement.

The following tables present revenue, profit and other information regarding the Group's operating segments for the six months ended 30 June 2020 and 2019 respectively.

	Six months ended 30 June 2020 (Unaudited)			
	Sales of solar glass	**Solar farm business**	**EPC services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue				
Recognised at a point in time	**3,487,873**	**1,101,277**	**—**	**4,589,150**
Recognised over time	**—**	**—**	**33,768**	**33,768**
Revenue from external customers	**3,487,873**	**1,101,277**	**33,768**	**4,622,918**
Cost of sales	**(2,131,891)**	**(281,070)**	**(21,267)**	**(2,434,228)**
Gross profit	**1,355,982**	**820,207**	**12,501**	**2,188,690**
Depreciation charge of property, plant and equipment	**151,325**	**231,866**	**334**	**383,525**
Depreciation charge of rights-of-use assets	**8,333**	**12,758**	**492**	**21,583**
Additions to non-current assets (other than finance lease receivables and deferred income tax assets)	**612,863**	**536,965**	**4,322**	**1,154,150**

	Six months ended 30 June 2019 (Unaudited)			
	Sales of solar glass	Solar farm business	EPC services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue				
Recognised at a point in time	2,924,555	1,024,893	—	3,949,448
Recognised over time	—	—	47,588	47,588
Revenue from external customers	2,924,555	1,024,893	47,588	3,997,036
Cost of sales	(2,125,719)	(216,300)	(38,033)	(2,425,052)
Gross profit	798,836	763,593	9,555	1,571,984
Depreciation charge of property, plant and equipment	157,624	227,979	378	385,981
Depreciation charge of rights-of-use assets	6,012	13,176	219	19,407
Additions to non-current assets (other than finance lease receivables and deferred income tax assets)	495,409	1,467,699	798	1,963,906

Reportable segment assets/liabilities are as follows:

	Segment assets and liabilities				
	Solar glass	**Solar farm business**	**EPC service**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
At 30 June 2020 (Unaudited)					
Total assets	**11,115,669**	**18,372,661**	**393,017**	**431,127**	**30,312,474**
Total liabilities	**1,471,748**	**3,795,410**	**314,985**	**5,567,288**	**11,149,431**
At 31 December 2019 (Audited)					
Total assets	9,550,312	17,941,676	485,023	420,009	28,397,020
Total liabilities	1,156,483	3,620,257	315,056	4,732,095	9,823,891

Reportable segment assets/(liabilities) are reconciled to total assets/(liabilities) as follows:

	Assets as at		Liabilities as at	
	30 June 2020	31 December 2019	**30 June 2020**	31 December 2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	*(Audited)*	***(Unaudited)***	*(Audited)*
Segment assets/(liabilities)	**29,881,347**	27,977,011	**(5,582,143)**	(5,091,796)
Unallocated:				
Property, plant and equipment	**335**	1,333	**—**	—
Investment in a joint venture	**337,698**	334,860	**—**	—
Investments in associates	**69,319**	69,237	**—**	—
Prepayments, deposits and other receivables	**1,388**	1,000	**—**	—
Cash and cash equivalents	**12,418**	3,372	**—**	—
Deferred income tax assets	**9,969**	10,207	**—**	—
Other payables	**—**	—	**(2,680)**	(1,918)
Bank borrowings	**—**	—	**(5,564,608)**	(4,730,177)
Total assets/(liabilities)	**30,312,474**	28,397,020	**(11,149,431)**	(9,823,891)

A reconciliation of segment gross profit to profit before income tax is provided as follows:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Segment gross profit	**2,188,690**	1,571,984
Unallocated:		
Other income	**70,742**	63,691
Other (losses)/gains, net	**(1,392)**	1,407
Selling and marketing expenses	**(136,157)**	(125,777)
Administrative and other operating expenses	**(208,194)**	(219,921)
Finance income	**21,948**	10,257
Finance costs	**(116,479)**	(156,025)
Share of profits of a joint venture	**18,632**	14,594
Share of profits/(losses) of associates	**83**	(94)
Profit before income tax	**1,837,873**	1,160,116

The Group's revenue is mainly derived from customers located in the PRC and other countries while the Group's business activities are conducted predominately in the PRC and Malaysia. An analysis of the Group's sales by geographical area of its customers is as follows:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Revenue from sales of solar glass		
The PRC	**2,514,922**	2,216,362
Other countries	**972,951**	708,193
	3,487,873	2,924,555
Revenue from solar farm business in the PRC		
Sales of electricity	**468,305**	405,833
Tariff adjustment	**632,972**	619,060
	1,101,277	1,024,893
Revenue from construction contracts in respect of EPC services		
The PRC	**1,002**	12,592
Other countries	**32,766**	34,996
	33,768	47,588
Total revenue	**4,622,918**	3,997,036

An analysis of the Group's non-current assets other than finance lease receivables and deferred income tax assets by geographical area in which the assets are located is as follows:

	As at	
	30 June	31 December
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
The PRC	**17,664,195**	17,157,609
Other countries	**1,446,984**	1,536,186
	19,111,179	18,693,795

4 OTHER INCOME

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Rental income	**817**	1,264
Government grants (Note (a))	**48,943**	26,084
Others (Note (b))	**20,982**	36,343
	70,742	63,691

Note:

(a) Government grants mainly represent grants received from the PRC government in subsidising the Group's general operations and certain tax payments.

(b) It mainly represents scrap sales, compensation of insurance claims and tariff adjustments in relation to the electricity generated by the solar power system installed on the roof-top at the Group's production complex.

5 OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Foreign exchange (losses)/gains, net	**(1,319)**	4,639
Loss on disposal of property, plant and equipment	**(73)**	(3,232)
	(1,392)	1,407

6 FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Finance income		
Interest income from bank deposits	**21,948**	10,257
Finance costs		
Interest for lease liabilities	**19,016**	18,782
Interest on bank borrowings	**118,257**	156,709
	137,273	175,491
Less: Amounts capitalised on qualifying assets	**(20,794)**	(19,466)
	116,479	156,025

7 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and administrative and other operating expenses are analysed as follows:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Depreciation charge of property, plant and equipment	**383,525**	385,981
Depreciation charge of rights-of-use assets	**21,583**	19,407
Employee benefit expenses (including directors' emoluments)	**197,496**	182,204
Cost of inventories sold	**1,882,524**	1,864,141
Construction contracts costs	**21,267**	37,814
Impairment losses on trade receivables	**—**	485
Transportation costs and other selling expenses	**123,967**	112,389
Research and development expenditures	**79,959**	104,090
Other expenses	**68,258**	64,239
	2,778,579	2,770,750

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Current income tax		
Hong Kong profits tax (Note (a))	**87**	178
PRC corporate income tax ("**CIT**") (Note (b))	**214,851**	125,168
Overseas income tax (Note (c))	**947**	111
	215,885	125,457
Deferred income tax (Note (d))	**9,373**	(33,918)
Income tax expense	**225,258**	91,539

Notes:

(a) Hong Kong profits tax has been provided at the two-tiered rate of 8.25% for the first HK$2 million of the estimated assessable profits for a subsidiary of the Group in Hong Kong and 16.5% on the remaining estimated assessable profits for the period (2019:same).

(b) CIT is provided on the estimated taxable profits of the subsidiaries established in the PRC for the period, calculated in accordance with the relevant tax rules and regulations. The applicable CIT rate for Xinyi PV Products (Anhui) Holdings Limited, a subsidiary established in the PRC, was 15% (2019: 15%) for the period as it enjoyed high-tech enterprise income tax benefit. Solar farm companies of the Group in the PRC enjoyed tax holiday and the profits are fully exempted from CIT for the three years starting from its first year of revenue generation, followed by 50% reduction in CIT in next three years. However, the government grants and insurance claims received during the period are subject to the CIT with the statutory income tax rate of 25%.

(c) Taxation on overseas profits mainly include Malaysia income tax which has been calculated on the estimated assessable profits for the year at the standard Malaysia corporate income tax rates of 24% (2019: 24%). Subsidiary of the Group in Malaysia is entitled to investment tax allowance on its qualifying capital expenditure incurred during the eligible period to be utilised against its assessable profit.

(d) Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

9 EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2020	2019
	(Unaudited)	*(Unaudited)*
Profit attributable to equity holders of the Company (HK$'000)	**1,406,467**	952,716
Weighted average number of ordinary shares in issue (thousands)	**8,085,611**	7,893,168
Basic earnings per share (HK cents)	**17.39**	12.07

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares from share options. The calculation for share options is determined by the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the period) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the period) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

	Six months ended 30 June	
	2020	2019
	(Unaudited)	*(Unaudited)*
Profit attributable to equity holders of the Company (HK$'000)	**1,406,467**	952,716
Weighted average number of ordinary shares in issue (thousands)	**8,085,611**	7,893,168
Adjustments for share options (thousands)	**5,083**	1,621
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**8,090,694**	7,894,789
Diluted earnings per share (HK cents)	**17.38**	12.07

10 DIVIDENDS

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Final dividend for 2019 of 8.5 HK cents (2018: 4.2 HK cents) per share	**687,029**	337,989
Interim dividend declared of 8.5 HK cents (2019: 5.5 HK cents) per share	**694,067**	443,183

At a meeting of the Board held on 3 August 2020, the Directors resolved to declare an interim dividend of 8.5 HK cents per share for the six months ended 30 June 2020. The amount of 2020 interim dividend is based on 8,165,491,163 shares in issue as at 31 July 2020. This interim dividend is not reflected as a dividend payable in this unaudited condensed consolidated financial information, but will be deducted from the retained earnings of the Company in the year ending 31 December 2020.

Shareholder will be given an option to receive the 2020 interim dividend in cash or wholly or partly in new and fully paid shares of the Company in lieu of cash by scrip dividend (the "**Scrip Dividend Scheme**"). The Scrip Dividend Scheme is subject to the Stock Exchange granting the listing of and permission to deal in the shares to be allotted and issued under the Scrip Dividend Scheme.

For the purpose of calculating the number of the scrip shares (the "**Scrip Shares**") under the Scrip Dividend Scheme, the market value of the Scrip Shares has been fixed at 95% of the average closing price per share as quoted on the Stock Exchange for the five consecutive trading days commenced on 18 August 2020 until 24 August 2020 (both days inclusive) rounded down to two decimal places. Further details of the Scrip Dividend Scheme will be announced later.

11 PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 June 2020 (Unaudited)						
	Freehold Land	Buildings	Plant and machinery	Solar Farms	Office Equipment	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net book amount at 1 January	202,287	1,149,160	3,598,030	11,227,175	6,490	527,826	16,710,968
Additions	—	11	24,538	5,647	815	777,637	808,648
Transfer	—	—	16,390	284,611	—	(301,001)	—
Acquisition of subsidiaries (Note 19)	—	—	217	65,167	—	134,107	199,491
Disposals	—	—	(105)	—	—	—	(105)
Depreciation charge	—	(18,878)	(145,700)	(229,836)	(881)	—	(395,295)
Currency translation differences	(9,588)	(33,600)	(91,728)	(196,575)	(166)	(14,238)	(345,895)
Net book amount at 30 June	**192,699**	**1,096,693**	**3,401,642**	**11,156,189**	**6,258**	**1,124,331**	**16,977,812**

12 RIGHT-OF-USE ASSETS

	Six months ended 30 June 2020
	HK$'000
	(Unaudited)
Net book amount at 1 January	**1,249,116**
Additions	**67,199**
Acquisition of subsidiaries (Note 19)	**38,640**
Depreciation charge	**(21,583)**
Currency translation differences	**(23,878)**
Net book amount at 30 June	**1,309,494**

13 INTERESTS IN A JOINT VENTURE

	Six months ended 30 June 2020
	HK$'000
	(Unaudited)
At 1 January	**334,860**
Share of profits	**18,632**
Currency translation differences	**(6,333)**
Repayment from a joint venture	**(9,461)**
At 30 June	**337,698**

14 TRADE AND BILLS RECEIVABLES

	As at	
	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Trade receivables	**5,074,678**	4,257,049
Less: Provision for impairment of trade receivables	**(14,387)**	(14,657)
Trade receivables, net	**5,060,291**	4,242,392
Bills receivables	**1,225,490**	1,194,111
	6,285,781	5,436,503

Breakdown of trade receivables by segment is as follows:

	Solar glass *HK$'000*	Solar farm business *HK$'000*	EPC services *HK$'000*	Total *HK$'000*
At 30 June 2020 (Unaudited)				
Sales of solar glass	**1,344,108**	**—**	**—**	**1,344,108**
Sales of electricity	**—**	**119,060**	**—**	**119,060**
Tariff adjustment	**—**	**3,524,677**	**—**	**3,524,677**
EPC service revenue	**—**	**—**	**86,833**	**86,833**
Total	**1,344,108**	**3,643,737**	**86,833**	**5,074,678**
At 31 December 2019 (Audited)				
Sales of solar glass	1,156,796	—	—	1,156,796
Sales of electricity	—	94,677	—	94,677
Tariff adjustment	—	2,862,525	—	2,862,525
EPC service revenue	—	—	143,051	143,051
Total	1,156,796	2,957,202	143,051	4,257,049

The ageing analysis of the trade receivables based on invoice date is as follows:

	As at	
	30 June 2020 ***HK$'000*** ***(Unaudited)***	31 December 2019 *HK$'000* *(Audited)*
0 - 90 days	**4,896,661**	4,124,075
91 - 180 days	**73,274**	49,027
181 - 365 days	**59,676**	52,631
1 - 2 years	**42,348**	13,727
Over 2 years	**2,719**	17,589
	5,074,678	4,257,049

The ageing analysis of trade receivables of solar farm business based on the Group's revenue recognition policy is as follows:

	As at	
	30 June	31 December
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
0 - 90 days	**542,578**	383,191
91 - 180 days	**277,712**	483,518
181 - 365 days	**779,777**	674,521
1 - 2 years	**1,488,678**	1,152,600
Over 2 years	**554,992**	263,372
	3,643,737	2,957,202

The maturity of the bills receivables is within 1 year.

The credit terms granted by the Group to its customers in respect of sales of solar glass are generally from 30 to 90 days.

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

Construction contracts revenue from EPC services is normally settled by instalments in accordance with the terms specified in the contracts governing the relevant EPC works. The payment terms of EPC contract is considered on a case-by-case basis and set out in the EPC contract.

15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at	
	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Prepayments	**786,903**	715,231
Deposits and other receivables	**139,928**	139,417
Other tax receivables (Note)	**739,053**	812,062
	1,665,884	1,666,710
Less: Non-current portion of prepayments for property, plant and equipment and land use rights	**(404,638)**	(319,143)
Current portion	**1,261,246**	1,347,567

Note: Other tax receivables mainly represent value added tax recoverable.

16 TRADE AND OTHER PAYABLES

	As at	
	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Trade payables	**467,788**	533,472
Retention payables for EPC services	**2,633**	2,629
Trade payables and retention payables for EPC services	**470,421**	536,101
Bills payable	**462,074**	140,435
Trade, retention and bills payables	**932,495**	676,536
Accruals and other payables	**1,575,615**	1,601,242
	2,508,110	2,277,778
Less: Non-current portion of retention payables for construction of solar farms	**(63,853)**	(57,337)
Current portion	**2,444,257**	2,220,441

The ageing analysis of the trade payables and retention payables for EPC services based on invoice date is as follows:

	As at	
	30 June	31 December
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
0 - 90 days	**319,298**	413,328
91 - 180 days	**13,675**	15,117
181 - 365 days	**79,950**	87,892
Over 1 year	**57,498**	19,764
	470,421	536,101

The maturity of the bills payables is within 6 months.

17 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	**Ordinary shares of HK$ 0.1 each**	**Share premium**	**Total**
	(thousands)	*HK$'000*	*HK$'000*	*HK$'000*
Issued and fully paid:				
At 1 January 2020	8,081,863	808,186	2,956,278	3,764,464
Issuance of shares				
– Under employee's share option scheme	4,868	487	15,112	15,599
– In respect of scrip dividend of 2019 final dividend	78,408	7,841	410,856	418,697
Dividend relating to 2019	—	—	(687,029)	(687,029)
At 30 June 2020	**8,165,139**	**816,514**	**2,695,217**	**3,511,731**

18 BANK BORROWINGS

The bank borrowings are unsecured and repayable as follows:

	As at	
	30 June	31 December
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Repayable on demand and within 1 year	**3,417,163**	2,803,618
Between 1 and 2 years	**2,674,713**	2,985,701
Between 2 and 5 years	**1,585,346**	893,826
	7,677,222	6,683,145
Less: Non-current portion	**(4,260,059)**	(3,879,527)
Current portion	**3,417,163**	2,803,618

As at 30 June 2020, bank borrowings of HK$615,000,000 (2019: HK$350,000,000) contained repayment on demand clause and were classified as current liabilities.

As at 30 June 2020, all bank borrowings bore floating interest rates. These bank borrowings are repayable by installments up to 2023. The carrying amounts of the Group's bank borrowings are denominated in HK$ and approximate their fair values as at 30 June 2020. The effective interest rates per annum at reporting date were as follows:

	As at	
	30 June	31 December
	2020	2019
	(Unaudited)	*(Audited)*
Bank borrowings	**1.80%**	4.15%

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

19 BUSINESS COMBINATION

To speed up its development pace and build up a more diversified solar farm investment portfolio, the Group acquired 100% equity interest of three project companies which own solar farms with aggregate approved grid-connected capacity of approximately 190MW in the PRC at a cash consideration of RMB1,600,000 (equivalent to approximately HK$1,752,000) from independent third parties. In relation to the projects with aggregate capacity of 170MW, the Group has provided financial support and involved in the overall planning and coordination of the construction work. Details of the business combination are as follows:

Name of the company	**Month of acquisition in 2020**	**Equity interest acquired**	**Location**	**Approved grid-connection capacity of the solar farm**
				MW
Wuwei Rihao Renewable Energy Limited	April	100%	Anhui	20
Qingyang Hewu New Energy Technology Company Limited	June	100%	Anhui	70
Zaoqiang County Fraser New Energy Company Limited	June	100%	Hebei	100

The above business combinations are individually immaterial to the Group. The following table summarises the aggregate information of the consideration paid, the provisional fair value of identifiable assets acquired and liabilities assumed at the acquisition date.

	HK$'000 *(Unaudited)*
Purchases consideration	
Cash consideration	1,752
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	199,491
Right-of-use assets	38,640
Deferred income tax assets	74
Trade and other receivables and prepayments	27,235
Cash and cash equivalents	917
Lease liabilities	(35,160)
Other payables and accruals	(231,192)
Total identifiable net assets	5
Goodwill	1,747
	1,752
Net cash inflow arising from the acquisitions	
Cash and cash equivalents acquired	917
Less: Cash consideration paid	(108)
	809

Notes:

(a) Revenue and profits contribution

The revenue and the profits included in the condensed consolidated income statement since the respective acquisition dates contributed by the acquired businesses amounted to HK$2,847,000 and HK$1,091,000 respectively.

If the acquisition had occurred on 1 January 2020, the condensed consolidated income statement would show pro-forma revenue and profit of approximately HK$4,625,022,000 and HK$1,407,442,000 respectively.

(b) Acquired receivables

The fair values of trade and other receivables and prepayments acquired were HK$27,235,000 and included trade and tariff adjustment receivables with fair values of approximately HK$555,000. The gross contractual amount of these trade receivables due in aggregate was approximately HK$555,000.

(c) Goodwill

The Group recognised goodwill of approximately HK$1,747,000 in the condensed consolidated balance sheet in connection with the acquisition. The goodwill from the acquisition was calculated based on the total consideration less the fair value of total identifiable net assets acquired. The goodwill is attributable to the synergies expected to arise after the acquisition because of the close proximity of these projects to other solar farms currently operated by the Group as well as the saving of certain administrative and operating costs. The goodwill will not be deductible for tax purposes.

20 RELATED PARTY TRANSACTIONS

(a) Significant Related Party Transactions

Material related party transactions during the period are as follows:

	Note	Six months ended 30 June 2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)
Purchases of machineries from:			
– A subsidiary of Xinyi Group (Glass) Company Limited*	i, iii	**26,713**	36,579
Purchases of glass products from:			
– Subsidiaries of Xinyi Group (Glass) Company Limited*	i, iv	**7,297**	46,833
Management fee paid to a non-wholly owned subsidiary:			
– Xinyi Energy Technology (Wuhu) Limited^	i, vi	**4,214**	813
Purchase of consumables from:			
– Subsidiaries of Xinyi Group (Glass) Company Limited*	ii, v	**2,976**	—
Processing charges of raw materials paid to:			
– A subsidiary of Xinyi Group (Glass) Company Limited*	ii, v	**1,739**	—
Maintenance and service charges received from:			
– A subsidiary of Xinyi Group (Glass) Company Limited*	ii, v	**1,294**	630
Sales of glass products to:			
– Subsidiaries of Xinyi Group (Glass) Company Limited*	ii, v	**1,082**	1,041
Purchases of and processing of battery pack, chargers and lithium battery energy storage facilities:			
– An entity controlled by a controlling party#	ii, v	**860**	832
Sales of other goods to:			
– An entity controlled by a controlling party#	ii, v	**677**	610
– Subsidiaries of Xinyi Group (Glass) Company Limited*		**—**	967
		677	1,577

	Note	Six months ended 30 June	
		2020	2019
		HK$'000	*HK$'000*
		(Unaudited)	*(Unaudited)*
Rental income received from:			
– A subsidiary of Xinyi Group (Glass) Company Limited*	ii, v	**509**	534
Consultancy fee paid to:			
– A subsidiary of Xinyi Group (Glass) Company Limited*	ii, v	**430**	427
Acquisition of right-of-use assets from:			
– Subsidiaries of Xinyi Group (Glass) Company Limited*	ii, v	**—**	13,988
EPC service income received from:			
– A subsidiary of Xinyi Group (Glass) Company Limited*	ii, v	**—**	216

* Xinyi Group (Glass) Company Limited held 24.4% interest in the issued share capital of the Company as at 30 June 2020.

\# The entity is a subsidiary of Xinyi Automobile Glass Hong Kong Enterprises Limited, a company with its issued share capital owned as to more than 30% in aggregate by the various directors of the Company, namely Dr. LEE Yin Yee, B.B.S., Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M*, Mr. LI Man Yin and their respective associates.

^ A connected subsidiary of the Company.

Notes:

(i) The transactions constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(ii) The transactions were de minimis transactions entered into in the ordinary course of business and under normal commercial terms. They are exempted from all the reporting, announcement and independent shareholders' approval requirements by virtue of rule 14A.76 of the Listing Rules.

(iii) The purchases of machineries were charged at considerations based on mutually agreed terms. Details of the transactions were disclosed in the Company's announcement dated 19 December 2019.

(iv) The purchases of glass products were charged at mutually agreed prices and terms. Details of the transactions were disclosed in the Company's announcement dated 19 December 2019.

(v) The transactions were conducted at mutually agreed prices and terms.

(vi) The management fee was charged in accordance with the solar farm operation and management agreement dated 5 December 2018. For further details, please refer to the Company's announcements dated 2 November 2018 and 15 May 2019 and the Company's circular dated 2 November 2018 and 15 May 2019.

(vii) Approximately 3,600 square meter office areas and a car park in Hong Kong is provided by Cheer Wise Investments Limited, an associate owned as to 40% by the Company, for the Group's occupation during the period without consideration paid.

(b) Balances with Related Parties

	As at 30 June 2020	As at 31 December 2019
	HK\$'000	*HK\$'000*
	(Unaudited)	*(Audited)*
Amounts due to related companies		
– Wuhu Jinsanshi Numerical Control Technology Company Limited	**68,749**	80,604
– Xinyi Energy Smart (Malaysia) Sdn Bhd	**2,084**	9,313
– Xinyi Ultra-clear Photovoltaic Glass (Dongguan) Company Limited	**324**	330
– Auhui Xinyi Power Source Company Limited	**427**	413
– Xinyi Glass Japan Company Limited	**72**	72
– Xinyi Automobile Parts (Tianjin) Company Limited	**166**	—
– Xinyi Glass Engineering (Dongguan) Company Limited	**362**	—
– Xinyi Glass (Guangxi) Company Limited	**1,979**	—
– Xinyi Glass (Tianjin) Company Limited	**4**	—
– Xinyi Automobile Glass (Shenzhen) Company Limited	**1,850**	—
	76,017	90,732
Amount due from a joint venture		
– Xinyi Solar (Lu'an) Company Limited	**—**	5,630

Key management compensation amounted to HK$15,097,000 for the six month ended 30 June 2020 (2019: HK$16,552,000).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In 1H2020, the novel coronavirus (the "**COVID-19**") pandemic has caused a widespread negative effect on virtually every industry. Solar installation has been no exception, with China severely impacted in the first quarter of 2020 and the rest of the world in the second quarter. To cope with the rapidly changing and uncertain market environment, the Group has adopted flexible business strategies, strengthened cost control measures and developed solar glass products for application in double-glass and bifacial solar modules. All these measures, coupled with the steady contribution from the solar farm business, have enabled the Group to rise above the adverse market conditions and achieve encouraging results even during these difficult times.

During the Period, the Group achieved consolidated revenue of HK$4,622.9 million, representing a 15.7% increase as compared to 1H2019. Profit attributable to equity holders of the Company increased by 47.6% to HK$1,406.5 million. Basic earnings per share were 17.39 HK cents for 1H2020, as compared to 12.07 HK cents for 1H2019.

BUSINESS REVIEW

Challenges presented by the impact of COVID-19 – slowdown of PV deployment

Given the impressive cost reductions and increased penetration of solar energy in different countries, in the beginning of 2020, market participants generally expect that global solar installation will continue double-digit growth rate in this year. However, the COVID-19 outbreak had brought the world economy to an unprecedented halt and major photovoltaic ("**PV**") markets were significantly affected.

Traditionally, January and February are the slack season for PV installations in China as these are the winter months and the Lunar New Year holiday in the country. But with the COVID-19 outbreak quickly intensifying, the holidays were then substantially extended. The lockdown and quarantine restriction measures imposed in different provinces and cities have led to a substantial drop in production activities. Therefore, China has installed only 3.95 gigawatt ("**GW**") of PV capacity in the first quarter of 2020, representing a decline of about 24% as compared to the same period last year. Because of the reduced workforce, supply chain disruptions and constraints on movement and logistics, PV project construction activities could only resume slowly amid the gradual removal of restrictions in late March. The recovery gained considerably more momentum in the second quarter as uncompleted 2019 competitive bidding projects are required to speed up construction to meet the June 30 installation deadline.

PV installation outside China was basically unaffected in the first quarter of 2020, but not in the second quarter. The rampant spread of COVID-19 around the world starting in late March caused dozens of countries to introduce full or partial lockdown measures. Overseas solar demand thus continued to slump until the gradual easing of restrictions in mid-May. Although certain virus containment measures remain in place in some countries, PV demand in the overseas market has gradually returned to the path of recovery.

Gradual recovery of the global PV installations in the wake of COVID-19 pandemic

By the end of June 2020, lockdown measures were being lifted and economic activities started to resume in some countries where the effects of the COVID-19 outbreak had been gradually coming under control amid some countries were still struggling in the midst of the crisis. The extension of project commissioning deadlines and postponement of planned auctions by some countries would inevitably lead to short-term construction delays and a drop in PV installations across the globe. In spite of this, overseas PV installations have started to show some signs of recovery since the middle of May 2020. Demand has gradually picked up across different countries and regions.

In contrast to other markets, China's PV installation already showed a quicker recovery in the second quarter of 2020. The fundamentals for growth in the second half of the year are expected to be even stronger. As a manufacturing hub of the global solar industry with the largest volume of annual PV installations in the world, China will continue to play a vital role in the recovery of the global PV development.

China's PV installations are set to increase again despite the COVID-19 outbreak

Belated release of policies and approval of projects, together with the postponement of installations by solar farm developers, led to the decline of PV additions in China to 30.1GW in 2019. This situation is not expected to recur again this year. Firstly, there has been no substantial change in the policy regime in 2020. Priority of new PV deployment is still assigned to parity projects and implementing bidding for projects requiring state subsidies. Secondly, the authorities had announced the policies for this year earlier than in the previous year. Developers and contractors will have more time to prepare, organise and complete their projects.

The consultative draft of the competitive bidding policy was issued in January 2020. Despite the disruption of the pandemic, internal bidding and other work at the provincial level still proceeded in an orderly manner. Applications for subsidised PV projects with a total capacity of 33.5GW were received, about 36% higher than that of last year.

In March 2020, China's National Energy Administration ("**NEA**") confirmed the subsidy amount earmarked for new PV power generation projects for this year. A total subsidy of about Renminbi ("**RMB**") 1.5 billion has been set aside for incremental PV projects in 2020, of which RMB500 million is allocated for residential rooftop projects and RMB1 billion for bidding projects, including commercial distributed generation and utility-scale PV projects. Grid companies are requested to predict and verify the additional network capacity required for the new wind/solar installations in 2020, ensure electricity generation dispatch, coordinate the engineering and construction work on power transmission, and reasonably arrange the grid-connection timing of the projects. The announcement in advance by grid networks regarding the capacity cap available for new PV additions this year can enable grid-parity projects to progress more smoothly.

In 1H2020, an overwhelming response was observed in many provinces in applying for non-subsidised (grid parity) projects. Competition among PV developers has become even fiercer than last year. In addition, backlog projects of 2019 would provide additional momentum for China's PV installation during 2020. Approved grid-parity projects brought forward from 2019 are set to start construction in 2020 before their installation deadlines and subsidised projects granted under the competitive bidding mechanism in 2019 are required to complete installation before the first half of 2020.

As the COVID-19 pandemic has gradually come under control in the second quarter of 2020, it is expected that China would see a quicker recovery in its PV installations for the remainder of 2020. With the increase in capacity for subsidised projects and the continued declining installation costs driving the growth of parity projects, the upward trend of new installations has become increasingly clear.

Expansion of capacity to prepare for future growth and flexible operating strategies

For the solar glass business of the Group, no new production capacity was added in 1H2020 except for the start of the trial run of a new solar glass production line with a daily melting capacity of 1,000 tonnes in Guangxi at the end of June 2020. Total melting capacity in operation was maintained at around 7,800-tonne/day throughout the Period. The capacity change compared to 1H2019 was mainly attributable to the resumption of two previously suspended production lines during the second half of 2019, with an aggregate melting capacity of 1,100-tonne/day, after cold-repair in Anhui.

The timely expansion of adding capacity in Guangxi by the end of the first half of 2020 can help the Group to further diversify its production bases and seize business opportunities arising from the market recovery in the second half of 2020.

Generally speaking, the COVID-19 pandemic posed no material impact on the Group's solar glass manufacturing during the Period. All solar glass furnaces continued to run on a non-stop (24 hours/day) basis during the COVID-19 outbreak and thus there was no disruption of raw glass production. However, certain processing works, like tempering and coating, were delayed as some workers cannot promptly return to workplace because of quarantine measures. For raw materials and other manufacturing supplies, the Group adopted a flexible procurement and logistics strategy, expanded its supplier network and established an additional inventory buffer to avoid the disruptions of supply. For the delivery of finished goods, diversified production bases in China and Malaysia offered the Group higher flexibility and efficiency in fulfilling orders from customers in different regions despite the transport and logistics restrictions. In light of the rapid development of the double-glass and bifacial technologies and their related products becoming increasingly popular, the Group has allocated more production capacities to thin glass products which can help to mitigate the sudden market shock caused by COVID-19.

Solar farm development in the midst of transitioning towards grid parity

In China, because of the COVID-19 lockdown measures and supply chain disruption, development and construction works of PV projects in 1H2020 were heavily impacted, particularly in the first quarter. However, for self-developed/constructed projects, the Group still managed to add new grid-connected capacity of 270 megawatts ("**MW**") in 1H2020, of which 100 MW are non-subsidised (grid parity) projects and 170 MW are subsidised projects.

Due to the declining proportion of subsidies and simplified application procedures employed under the grid parity policy, the Group has gradually shifted its development focus towards non-subsidised projects. The Group has initially started its non-subsidised projects in areas with better sunlight utilisation hours as well as high electricity cost and has completed three projects in Guangdong, Hubei and Anhui Provinces so far. Leveraging the experience accumulated by its in-house engineering, procurement and construction ("**EPC**") team over the years and the continuous declining costs, the Group is confident that the development of non-subsidised projects can be quickly extended to other regions with less solar radiation.

The Group has also participated in subsidised PV projects in 2020. The bidding mechanism is similar to that of last year. Qualified projects are obligated to come online by the end of 2020. Every quarter of delay in the completion will cause a reduction of the feed-in-tariff ("**FiT**") by RMB0.01 per kilowatt-hour ("**kWh**"). Projects that fail to be completed before 30 June 2021 will be disqualified from subsidies. According to the bidding results of subsidised PV projects released by NEA in June 2020, 434 projects with a total capacity of about 26GW were approved, and among them the Group secured a 60MW project in Guangxi.

Steady growth of contributions from solar power electricity generation

The contribution from the electricity generation of the Group's solar farms grew steadily in 1H2020 amid the increase in grid-connected capacity. Revenue and gross profit increased by 7.5% and 7.4% year-on-year respectively. During the Period, the Group added four solar farms with an aggregate grid-connected capacity of 290MW, including a 20MW project acquired by Xinyi Energy Holdings Limited and its subsidiaries ("**Xinyi Energy Group**") from an independent third party.

As at 30 June 2020, the accumulated approved grid-connected capacity of the Group's solar farm projects was 2,920MW, of which 2,764MW was for utility-scale ground-mounted projects and 156MW was for rooftop distributed generation projects (with electricity generated for self-consumption and for sale to the grid). In terms of ownership, projects with a capacity of 1,514MW were held through Xinyi Energy Group (52.7% owned by Xinyi Solar); projects with a capacity of 1,206MW were held through wholly-owned subsidiaries; projects with a capacity of 100MW were held through non-wholly owned subsidiaries (90%-owned by the Group); and a project with a capacity of 100MW was held by a joint-venture (50%-owned by the Group).

Regarding the subsidy payment, China has adopted certain new administrative measures since January 2020. According to the new provisions, it no longer publishes the renewable energy tariff subsidy catalogue (the "**Subsidy Catalogue**") from time to time. Instead, all renewable energy projects must submit subsidy applications through the national renewable energy information management platform. Grid companies will then determine and regularly announce a list of renewable energy power generation projects that are eligible for subsidy (the "**Renewable Energy Power Generation Project List**") in accordance with the project type, grid connection time, and technical level. Projects listed in the first to seventh batches of the Subsidy Catalogue will be included in the Renewable Energy Power Generation Project List directly. However, as affected by the lockdown and other restrictions of the COVID-19, there was a delay in the application and approval processes in 1H2020.

As in previous years, the Group has also strived to enhance the operational efficiency of its solar farms by monitoring the operating statistics on a real-time basis, performing regular cleaning and implementing timely preventive maintenance to minimise the risk of failure.

FINANCIAL REVIEW

Revenue

The Group's revenue for 1H2020 was mainly derived from two core business segments, namely: (i) the sale and manufacturing of solar glass; and (ii) the solar farm business. Despite the uncertainties and challenges brought by the COVID-19 outbreak, these two core businesses continued to maintain revenue growth during the Period.

Revenue – By segment

	1H2020		1H2019		Increase/(Decrease)	
	HK$ million	***% of revenue***	*HK$ million*	*% of revenue*	*HK$ million*	*%*
Sales of solar glass	**3,487.9**	**75.4**	2,924.6	73.2	563.3	19.3
Solar farm business	**1,101.3**	**23.8**	1,024.9	25.6	76.4	7.5
EPC services	**33.8**	**0.7**	47.6	1.2	(13.8)	(29.0)
Total external revenue*	**4,622.9**	**100.0**	3,997.0	100.0	625.9	15.7

* The sum of the individual amounts rounded off may not be the same as the actual total amount.

Solar Glass Revenue – By geographical market

	1H2020		1H2019		Increase/(Decrease)	
	HK$ million	***% of revenue***	*HK$ million*	*% of revenue*	*HK$ million*	*%*
The PRC	**2,514.9**	**72.1**	2,216.4	75.8	298.5	13.5
Other countries	**973.0**	**27.9**	708.2	24.2	264.8	37.4
	3,487.9	**100.0**	2,924.6	100.0	563.3	19.3

Regarding the solar glass business, the Group recorded sales revenue of HK$3,487.9 million in 1H2020, representing a year-on-year increase of 19.3%. The increase was primarily due to increased sales volume of thin glass products and higher year-on-year average selling price (“**ASP**”), partially offset by the depreciation of the Renminbi (“**RMB**”) and Malaysian Ringgit (“**MYR**”) against the Hong Kong dollar (“**HKD**”).

As supported by the demand from overseas markets, solar glass prices remained stable during the COVID-19 outbreak in China and maintained at a similarly high level as that in the last quarter of 2019 throughout the first quarter of 2020. Prices then declined in April when the pandemic spread across other countries. The dropping trend gradually ceased around the middle of May with the steady pick-up of PV installations in China. The market price of mainstream solar glass products (3.2mm) at the end of June 2020 was about 17% lower than that at the beginning of the year, but the ASP for 1H2020 was still about 3-5% higher compared with 1H2019.

In view of the reduced overall downstream demand and higher utilisation of double-glass and bifacial technologies, the Group promptly adjusted its production lines by shifting more capacity to thin glass (2.5mm/2.0mm) production during the Period. As double-glass and bifacial solar modules require two pieces of solar glass in their design, their greater market penetration would create additional demand for solar glass and mitigate the impact of the slowdown in demand. Benefitting from the increased sales of thin glass, the Group still managed to record a 9.7% increase in sales volume (in terms of tonnage) in 1H2020 compared with 1H2019.

The Group recorded a year-on-year revenue growth of 13.5% and 37.4% in the PRC domestic market and overseas market, respectively. Overseas sales accounted for 27.9% (1H2019: 24.2%) of the Group’s total solar glass sales in 1H2020.

Revenue from electricity generation for 1H2020 was derived from the Group's solar farms in the PRC as set forth below.

	30 June 2020	31 December 2019	30 June 2019
	MW	MW	MW
Utility-scale ground-mounted solar farms			
Anhui province	**1,460**	1,370	1,340
Others (Hubei, Tianjin, Henan, Hebei, etc.)	**1,204**	1,004	934
Sub-total	**2,664**	2,374	2,274
Commercial distributed generation projects	**38**	38	38
Total	**2,702**	2,412	2,312
Total number of solar farms	**36**	32	30
Weighted average FiT * (RMB/kWh)	**0.83**	0.88	0.90

* The weighted average FiT rate is proportionately weighted in accordance with the approved grid-connection capacity of each solar farm.

Revenue of the Group's solar farm business increased by 7.5% from HK$1,024.9 million in 1H2019 to HK$1,101.3 million in 1H2020. As FiTs were fixed upon grid-connection and sunlight radiation remained relatively stable, the increase in revenue was mainly attributable to the capacities added in 1H2020 and the second half of 2019. In 1H2020, the Group completed the grid-connection of three solar farm projects with aggregate capacities of 270MW. These projects are located in Hubei, Hebei and Anhui Provinces. Besides, Xinyi Energy Group also completed the acquisition of a 20MW solar farm project from an independent third party during the Period. Diversified solar farms could help the Group to reduce the risk exposure to extreme weather conditions and secure more stable electricity generation as a whole.

New solar farm projects, with lower FiTs, would reduce the weighted average FiT of the Group and provide lesser revenue contribution per kWh of electricity generation. However, reduced reliance on subsidies could enable these projects to provide a more predictable and stable cash flow to the Group. Similar to other solar farm operators in China, the Group has also experienced delay in receiving subsidy payments in relation to electricity generation of its solar farms. As at 30 June 2020, the outstanding tariff adjustment (subsidy) receivable of the Group amounted to HK$3,524.7 million. In accordance with the prevailing government policies, the receivables from sales of electricity are generally settled on a monthly basis by state grid companies, while the settlement of the tariff adjustment (subsidy) receivables is subject to the registration approval of the solar farms to the Renewable Energy Power Generation Project List administered by the respective grid companies.

EPC revenue of the Group's decreased by 29.0% in 1H2020 to HK$33.8 million (1H2019: HK$47.6 million). Because of the one-off and ad-hoc nature of EPC projects, the Group considers that focusing efforts on self-owned solar farm development can ensure more efficient utilisation of its resources. Therefore, the Group's EPC revenue in 1H2020 was mainly contributed by a 60%-owned subsidiary, Polaron Solartech Corp, which specialises in developing residential and commercial distributed generation PV projects in different provinces of Canada.

Gross profit

The Group's gross profit increased by HK$616.7 million, or 39.2%, from HK$1,572.0 million in 1H2019 to HK$2,188.7 million in 1H2020. Overall gross profit margin of the Group increased to 47.3% (1H2019: 39.3%). The enhanced gross profit performance was mainly contributed by the significant improvements in the Group's solar glass business.

During the Period, gross profit margin of the Group's solar glass business increased by 11.6 percentage points to 38.9% (1H2019: 27.3%). The remarkable increase in margin was mainly attributable to: (i) a higher ASP compared to the last corresponding period (despite the declines in the second quarter of 2020, ASP of mainstream solar glass products (3.2mm) still rose about 3-5% year-on-year in 1H2020); (ii) reduction in certain raw materials and energy costs (like soda ash, natural gas and electricity) as well as the continuous improvements in production efficiency; and (iii) increased revenue and profit contributions derived from thin glass products (2.5/2.0 mm).

Gross profit contribution from the Group's solar farm business mildly increased in 1H2020 by 7.4% to HK$820.2 million (1H2019: HK$763.6 million). The change was in line with the segment's revenue growth. This segment's gross profit margin remained stable, amounting to 74.5% in 1H2020 (1H2019: 74.5%).

Because of the higher margin of overseas EPC projects, gross profit contribution of the Group's EPC business increased from HK$9.6 million in 1H2019 to HK$12.5 million in 1H2020.

Other income

During the Period, the Group's other income increased by HK$7.0 million to HK$70.7 million, as compared to HK$63.7 million recorded in 1H2019. The increase was principally due to additional government grants received, partially offset by the decreases in scrap sales and tariff adjustments in relation to the electricity generated by the solar power system installed on the rooftops of the Group's production complex.

Other (losses)/gains, net

The Group recorded other losses, net of HK$1.4 million for 1H2020, as compared to other gains, net of HK$1.4 million for 1H2019. The losses in 1H2020 mainly represented the foreign exchange losses.

Selling and marketing expenses

The Group's selling and marketing expenses increased by 8.3% from HK$125.8 million in 1H2019 to HK$136.2 million in 1H2020. The percentage change was lower than the percentage growth of solar glass sales volume (9.7%) during the Period. Except for transportation costs, which increased roughly in tandem with the change in sales volume, other selling and marketing expenses mostly showed some decline because of the streamlining measures adopted during the Period. In 1H2020, the ratio of the Group's selling and marketing expenses to revenue decreased slightly to 2.9% (1H2019: 3.1%).

Administrative and other operating expenses

The Group's administrative expenses decreased by HK$11.7 million, or 5.3%, from HK$219.9 million in 1H2019 to HK$208.2 million in 1H2020. The decrease was mainly due to the net impact of: (i) a decrease in research and development expenses of HK$24.1 million; (ii) no listing expenses recorded in 1H2020 compared to expenses of HK$14.7 million incurred in 1H2019 for the spin-off of Xinyi Energy; (iii) an increase in employee benefit expenses of HK$10.2 million; and (iv) an increase in other miscellaneous expenses of HK$16.9 million, including the donation of HK$12.1 million in relation to the COVID-19 pandemic. Because of the drop in expenses and higher sales revenue, the ratio of administrative and other operating expenses to revenue decreased from 5.5% in 1H2019 to 4.5% in 1H2020.

Finance costs

The Group's finance costs decreased from HK$156.0 million (or HK$175.5 million before capitalisation) in 1H2019 to HK$116.5 million (or HK$137.3 million before capitalisation) in 1H2020. The decrease was mainly attributable to the declining interest rates as well as the decrease in average bank borrowings of the Group. During the Period, interest expense of HK$20.8 million (1H2019: HK$19.5 million) was capitalised into the costs of solar farms and solar glass production facilities under construction. The capitalised amounts would depreciate together with the relevant assets over their estimated useful lives.

Share of profit of a joint venture

The Group's share of profit of a joint venture amounted to HK$18.6 million for 1H2020 (1H2019: HK$14.6 million), which was contributed by a 50%-owned joint venture, Xinyi Solar (Lu'an) Company Limited, engaging in the management and operation of a 100 MW solar farm in Lu'an, Anhui Province, the PRC.

Income tax expense

The Group's income tax expense increased from HK$91.5 million in 1H2019 to HK$225.3 million in 1H2020. The increase was primarily attributable to: (i) a higher profit of the solar glass business; and (ii) the corporate income tax ("**CIT**") exemption/reduction period of certain solar farms expired during the Period.

The Group's solar farms are eligible for CIT exemption in the first three years from the year they commence operation and a 50% tax reduction in the subsequent three years.

EBITDA and net profit

For 1H2020, the Company's EBITDA (earnings before interest, taxation, depreciation and amortisation) was HK$2,359.5 million, representing an increase of 37.1% as compared to HK$1,721.5 million for 1H2019. The Company's EBITDA margin (calculated based on total revenue for the period) was 51.0% for 1H2020 as compared to 43.1% for 1H2019.

Net profit attributable to equity holders of the Company for 1H2020 was HK$1,406.5 million, representing an increase of 47.6% as compared to HK$952.7 million for 1H2019. Net profit margin increased to 30.4% for 1H2020 from 23.8% for 1H2019, mainly due to enhanced profitability of the solar glass business and lower finance costs, which was partially offset by the reduced sharing of profit of Xinyi Energy Group (from 75% to 52.7% for 954MW solar farm projects and from 100% to 52.7% for 540MW solar farm projects) after the spin-off in May 2019.

Financial Resources and Liquidity

In 1H2020, the total assets of the Group increased by 6.7% to HK$30,312.5 million and shareholders' equity increased by 5.4% to HK$14,937.7 million. The Group's current ratio as at 30 June 2020 was 1.8, compared to 1.8 as at 31 December 2019. As at 30 June 2020, the Group' financial position remained healthy, with cash and cash equivalents of approximately HK$2,790.8 million and unutilised banking facilities of HK$3,128.7 million.

During the Period, the Group's primary source of funding included cash generated from the Group's operating activities and the credit facilities provided by banks. Net cash inflow from operating activities amounted to HK$1,259.9 million (1H2019: HK$488.4 million). The increase in net cash inflow was primarily attributable to the increase in revenue from the Group's solar glass and solar farm businesses. Net cash used for investing activities amounted to HK$1,108.7 million (1H2019: HK$1,137.3 million). The decrease was primarily due to the decline in capital expenditures as the construction of some solar farm projects was delayed because of the COVID-19 pandemic and increase in interest received. Net cash generated from financing activities amounted to HK$448.5 million (1H2019: HK$4,216.0 million). During the Period, the Group secured new bank borrowings of HK$2,208.4 million and repaid bank borrowings of HK$1,223.7 million.

The Group's net debt gearing ratio, which is bank borrowings less cash and cash equivalents divided by total equity, as at 30 June 2020 was 25.5% (31 December 2019: 24.0%). The gearing level of the Group increased slightly during the Period as the percentage increase in net debts was larger than the percentage increase in total equity.

BUSINESS OUTLOOK

The slowdown of global PV deployment as a result of the COVID-19 crisis will inevitably affect the demand dynamics across different segments of the solar value chain and create new challenges to the industry players. The impact is far-reaching though some restrictions have been gradually lifted in the second quarter of 2020. Fear of another wave of infections also added uncertainty to the situation. The planning and kicking-off of some new projects are still affected. Supply chain disruptions, construction delays and financing challenges all give rise to the lower projection on the current year's PV installations than previously expected. Nevertheless, massive cost reductions in recent years have enabled solar power to compete directly with other energy sources. After short-term setbacks, global solar development is poised to resume its growth trajectory. Diversification and expansion of PV installation across the globe are expected to continue.

Rapid cost reductions have caused the solar business becoming less reliant on government subsidies; however, its further growth still hinges on the supportive initiatives of different governments. With more and more countries approaching grid parity, supportive measures on grid access, priority dispatch, power purchase contracts and electricity market reform are becoming more important.

China's PV installation rate is poised to achieve a strong rebound in the second half of 2020. Increased interest in PV investments by state-owned enterprises, the higher-than-expected approved quota for subsidised projects and overwhelming response in non-subsidised (grid parity) project applications all contribute to the higher expectation of the country's PV deployment for the remainder of 2020.

Scale advantage, product innovation, technology-driven cost reduction and the gradual phasing out of less-efficient production lines will continue to drive the growth and may trigger further industry consolidation in different segments of the solar value chain, including solar glass.

To prepare for future growth and enlarge its market share, the Group has spared no effort in expanding its solar glass production capacity despite the construction delay caused by the COVID-19 pandemic. The first new production lines with daily melting capacity of 1,000-tonne/day in Guangxi already started trial run by the end of June 2020; and the second one, with daily melting capacity of 1,000-tonne/day, is expected to commence operation in August 2020. For the four new production lines in Anhui each with a daily melting capacity of 1,000-tonne/day, the Group aims to start the operation of a new production line in each quarter of 2021.

Other than capacity expansion, the Group also strives to sharpen its competitive edge through improved cost efficiency and product development. As previously planned, the Group's first low-iron silicon sand mine in Guangxi is expected to begin operation in the September 2020, which can help to mitigate the impact of rising raw material costs. In addition, the Group will step up efforts in the development and promotion of thin glass in double-glass and bifacial solar modules applications so as to further strengthen the competitiveness of its solar glass business.

As for the solar farm business, the Group will continue to actively explore opportunities in different regions of China so as to boost its project pipeline and establish a more diversified solar farm portfolio. Considering the impact of COVID-19 in 1H2020, the Group still aims to maintain its annual installation target of adding a new capacity of 600MW in 2020.

The global solar market could show stronger resilience and more sustainability after the COVID-19 crisis as ongoing cost reductions will further drive the demand growth of PV installations. The COVID-19 outbreak has caused a widespread impact to the world, but it also presents a good chance for policy makers to increase the commitments to solar power in their post-crisis economic stimulus packages, and through which to speed up the transition process to clean energy. As a leading company in the solar value chain, the Group will grasp the opportunities to promote the parallel development of the solar glass and solar farm businesses to further its business growth.

CAPITAL EXPENDITURES AND COMMITMENTS

The Group incurred capital expenditures of HK$1,141.0 million for 1H2020 which was primarily used in the development of the solar farm projects in China as well as the modification and upgrade of solar glass production facilities. Capital commitments contracted for but not incurred by the Group as at 30 June 2020 amounted to HK$1,288.0 million, which were mainly related to the development and construction of solar farm projects in China and expansion of solar glass production capacities.

PLEDGE OF ASSETS

No assets of the Group were pledged as security for bank borrowings as at 30 June 2020.

CONTINGENT LIABILITIES

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

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Save as disclosed in this announcement, there was no material acquisition and disposal of subsidiaries and associated companies during 1H2020.

TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group mainly operates in China with most of its significant transactions denominated and settled in RMB and US Dollar ("**USD**"). Given the pegged exchange rate between HKD and USD, the Directors do not foresee that the Group will be exposed to significant exchange rate risk for transactions conducted in HKD or USD. However, exchange rate fluctuations between RMB and HKD or RMB and USD could affect the Group's performance and asset value. The Group also has solar glass production facilities and business activities in Malaysia. Exchange rate fluctuations between MYR and HKD could also affect the Group's performance and asset value.

Because of the depreciation of RMB against HKD in 1H2020, the Group reported non-cash translation losses – a decline in the reserve of consolidated balance sheet – when converting RMB-denominated assets into HKD. For 1H2020, exchanges losses of HK$393.0 million were recorded as the exchange reserve movement. As a result, the debit balance in the consolidated exchange reserve account increased from HK$1,158.3 million as of 31 December 2019 to HK$1,551.3 million as of 30 June 2020.

For the Group's solar farm business, the revenue from solar power electricity generation is denominated in RMB whilst the bank borrowings are denominated in HKD. The Group would strike a balance to minimise the risk of currency mismatch between the revenue and bank borrowings as well as the advantage of the interest rate difference between HKD and RMB bank borrowings. As at 30 June 2020, all the bank borrowings of the Group were denominated in HKD.

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group had about 4,377 full-time employees of whom 3,518 were based in Mainland China and 859 were based in Malaysia, Hong Kong, and other countries. The total staff costs, including the emoluments of the Directors, amounted to HK$197.5 million for 1H2020.

The Group maintains good working relationship with its employees and provides training when necessary to keep its employees informed of the latest information on developments of its products and production processes. Remuneration packages offered to the Group's employees are generally consistent with the prevailing levels in the market and are reviewed on a regular basis. Apart from basic remuneration and the statutory retirement benefit scheme, discretionary bonuses may be provided to selected employees taking into consideration the Group's performance and the performance of the individual employee.

SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company in June 2014, 8,589,000 share options were granted to selected employees and an executive director in March 2020. The validity period of the options is from 31 March 2020 to 31 March 2024. One third of the options will vest on each of the year-end date of 2020, 2021 and 2022 if each grantee has met the conditions of vesting as stated in the letter of grant.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to declare an interim dividend of 8.5 HK cents per share for 1H2020 (1H 2019: 5.5 HK cents) to be paid to all shareholders (the "**Shareholders**") of the Company with their names recorded on the register of members of the Company at the close of business on Monday, 24 August 2020. The interim dividend is expected to be payable on or about Wednesday, 23 September 2020. The Company's register of members will be closed from Thursday, 20 August 2020 to Monday, 24 August 2020 (both days inclusive), and during such period no transfer of Shares will be registered. In order to qualify for the interim dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited, the Company's branch share registrar in Hong Kong, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 19 August 2020.

Shareholders will be given an option to receive the 2020 interim dividend in cash or wholly or partly in new and fully paid shares of the Company in lieu of cash by the Scrip Dividend Scheme. The Scrip Dividend Scheme is subject to the Stock Exchange granting the listing of and permission to deal in the shares to be allotted and issued under the Scrip Dividend Scheme.

For the purpose of calculating the number of the Scrip Shares under the Scrip Dividend Scheme, the market value of the Scrip Shares has been fixed at 95% of the average closing price per Share as quoted on the Stock Exchange for the five consecutive trading days commenced on Tuesday, 18 August 2020 until Monday, 24 August 2020 (both days inclusive) rounded down to two decimal places. Further details of the Scrip Dividend Scheme will be announced later.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

For 1H2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the applicable Code Provisions in the Corporate Governance Code as set forth in Appendix 14 to the Listing Rules during 1H2020.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted The Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set forth in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by the Directors. The Company has made specific enquiry with the Directors and all Directors have confirmed that they complied with the Model Code during 1H2020.

REVIEW OF THE INTERIM RESULTS

The Company's interim results for 1H2020 have not been audited but have been reviewed by the Company's audit committee, comprising the three independent non-executive Directors, namely Mr. CHENG Kwok Kin, Paul, Mr. LO Wan Sing, Vincent, and Mr. KAN E-ting, Martin.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for 1H2020 containing all the relevant information required by Appendix 16 to the Listing Rules and other applicable laws and regulations will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Xinyi Solar Holdings Limited
Dr. LEE Yin Yee, B.B.S.
Chairman

Hong Kong, 3 August 2020

As of the date of this announcement, the Board comprises four executive Directors, namely Dr. LEE Yin Yee, B.B.S. (Chairman of the Board), Mr. LEE Yau Ching, Mr. LI Man Yin, and Mr. CHEN Xi, two non-executive 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 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 and on the website of the Company at www.xinyisolar.com.